

**Manchester City Council  
Report for Information**

**Report to:** Resources and Governance Scrutiny Committee – 12 January 2021

**Subject:** The Council's HRA and Housing Investment Reserve and Governance of the potential work to bring Housing ALMO back in house and other Housing PFI schemes

**Report of:** Director of Housing and Residential Growth

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### Summary

The scrutiny committee has requested a report on the financial position of the Council's HRA and Housing Investment Reserve.

The report also outlines the proposed governance arrangements that would be put in place should the Council decide to bring the Housing ALMO stock back under the control of the Council including any proposals for future tenant involvement and also governance arrangements of the other housing PFI schemes.

The report also describes the framework in which the Council manages its two Tenant Management Organisations.

### Recommendations

The Committee is asked to note the contents of this report.

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**Wards Affected:** Ancoats and Beswick, Ardwick, Charlestown, Cheetham, Crumpsall, Harpurhey, Higher Blackley, Miles Platting & Newton Heath, Moston, Piccadilly.

<b>Environmental Impact Assessment</b> - the impact of the issues addressed in this report on achieving the zero-carbon target for the city
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The Council is working with each of its housing management contractors to identify what work is required to ensure that the homes meets the city's zero-carbon target by 2038. Initial estimates are that works will cost around £400m to fulfil this ambition.
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<b>Our Manchester Strategy outcomes</b>	<b>Summary of how this report aligns to the OMS</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Decent quality housing across all tenures is essential.

A highly skilled city: world class and homegrown talent sustaining the city's economic success	Providing well-managed, energy efficient homes for families renting from the Council enables homegrown talent to thrive.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Nobody should be held back in their ambition, simply because of their housing tenure. Social housing is the housing of choice for many and we will ensure it is well maintained and well managed.
A liveable and low carbon city: a destination of choice to live, visit, work	Low carbon AND energy efficient housing is essential to attract and retain talent in Manchester.
A connected city: world class infrastructure and connectivity to drive growth	Regeneration programmes have demonstrated our ability to improve neighbourhoods, not just build new housing.

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## **1.0 Introduction**

- 1.1 This report describes the current status of the Housing Revenue Account and describes some of the key factors which impact on the account. It also provides a commentary on the Housing Investment Reserve.
- 1.2 The report also describes the proposed governance structure for the properties currently managed by Northwards Housing if the decision is taken to bring the service in house.
- 1.3 The report also provides a description of the contractual arrangements for managing and monitoring the three projects funded by the Private Finance Initiative and the two Tenant Management Organisations.

## **2.0 Background**

- 2.1 The Council owns nearly 15,500 council homes. The homes are managed on behalf of the Council by a mix of delivery methods:
- 2.2 The majority of the homes (12,500) are currently managed by Northwards Housing Limited.
- 2.3 Within the 12,500 properties that Northwards currently manage there are two Tenant Management Organisations (TMO). Avro Hollows TMO manages 312 properties in Newton Heath and Shout TMO manages 94 properties in Harpurhey
- 2.4 In order to deliver wider regeneration activities, the Council successfully obtained government grant and private finance in 3 locations under the Private Finance Initiative (PFI):
  - **Plymouth Grove** - 527 homes in Ardwick are managed by Grove Village Limited; this project runs for 30 years from March 2003.
  - **Miles Platting** - 1,469 homes in Miles Platting are managed by Renaissance Miles Platting Ltd; this project runs for 30 years from March 2007
  - **Brunswick** - 741 homes in Brunswick are managed by Solutions for Brunswick (S4B); this project runs for 25 years from January 2013
- 2.5 A further 182 properties are managed by housing associations for the Council in West Gorton (171) and Alderley Edge (11).

## **3.0 Financial position of the Housing Revenue Account**

- 3.1 The rules governing the maintenance of the Housing Revenue Account (HRA) were established pursuant to the Local Government and Housing Act 1989 and provide that:
  - The Council must formulate proposals in respect of HRA income and expenditure for the financial year which, on the best assumptions and

estimates that the Council is able to make at the time, ensure that the HRA does not show a debit balance;

- The Council is required to keep a HRA in accordance with proper practice. The Council has the responsibility to determine a strategy that is designed to ensure that the HRA is in balance taking one year with another.
- The HRA continues to be a ring-fenced account, this means that it must, in general, balance on a year-to-year basis, so that the costs of running the Housing Service, which include debt charges, administration costs and maintenance expenditure must be met from HRA income.

3.2 In April 2012 the previous HRA subsidy system was abolished and replaced with a system of self financing, under this system authorities now retain all of the rental income, and must use this to finance the management, maintenance and capital investment needs of the stock. This now operates on a similar basis to how Registered Providers operate. As part of the changes, Authorities are required to take a longer term view and this has entailed developing a rolling 30 year business plan for the Housing Revenue Account.

3.3 In developing the 30 year business plan it is essential that the Council considers all risks, and ensures that any investment decisions are affordable both in the short and longer term and reviewing the use of existing assets to ensure that benefits are maximised.

3.3 The annual HRA budget report is also on the agenda for this Scrutiny Committee, prior to going to Executive and this sets out in detail the proposed budget for 2021/22 which will require Council approval. Therefore this report only sets out the high level detail of the HRA budget.

#### Current Year Forecast Position

3.4 The November forecast position for the HRA is summarised in the table below.

<b>Expenditure Description</b>	<b>Annual Budget £000's</b>	<b>Projected Outturn £000's</b>	<b>Variance to Budget £000's</b>
Housing Rents	(60,881)	(61,027)	(146)
Heating Income	(600)	(623)	(23)
PFI Credits	(23,374)	(23,374)	-
Other Income	(1,281)	(919)	362
Contribution from reserve	(18,632)	(18,632)	-
<b>Total HRA Income</b>	<b>(104,768)</b>	<b>(104,575)</b>	<b>193</b>
ALMO Management & Maintenance Fee	20,694	21,097	403
PFI Contractor Payments	36,296	35,646	(650)
Communal Heating	584	607	23
Supervision & Management	5,213	5,433	220
Bad Debts Provision	613	547	(66)
Depreciation	17,378	17,378	-

Other Expenditure	1,370	1,393	23
Revenue Contribution to Capital	19,841	(2,461)	(22,302)
Interest Payable	2,779	2,779	-
<b>Total HRA Expenditure</b>	<b>104,768</b>	<b>82,419</b>	<b>(22,349)</b>
<b>Net HRA Budget 2020/21</b>	<b>-</b>	<b>22,156</b>	<b>22,156</b>

- 3.5 As can be seen planned expenditure is £22.156m lower than budgeted, and this will result in an in year surplus of £3.524m, (Planned use of reserve £18,632m-£22,156m underspend= £3,5240m). Any in year surplus has to be credited to the HRA Reserve as this is a ring fenced account. The forecast surplus will increase the total HRA reserves to £116.8, of which c.£36m are ringfenced reserves and c£80.8m are general reserves. The key variances are:-

#### **HRA Income Key variances**

- 3.6 Housing Rents are forecast to be £146k higher than budget, this is due to the lower than forecast numbers of right to buys due to Covid. The current year forecast is that there will be c80 sales in year, which is around half of the original forecast.
- 3.7 Other Income is forecast to be £362k lower than budget this is due to in reduced service charge income, and reduced monies from RSL's in respect of VAT savings on capital works undertaken

#### **HRA Expenditure Key Variances**

- 3.8 The other significant in year change has been an increase of £403k to the ALMO Management Fee. This has been to cover the higher than forecast pay award, funding to recognise the financial impact of Covid support to suppliers (there has been no additional funding for ALMOs)\_ and the additional costs associated with the demolition of the Riverdale Block.
- 3.9 There is a separate budget to support Private Finance Initiatives (PFIs) expenditure. The extra care scheme in Brunswick has been delayed until January 2021, leading to reduced in year expenditure of c£0.587m. There has also been a small saving of £63k on inflation costs leading to a combined underspend of £0.65m.
- 3.10 Supervision and Management is £220k higher than budget this is mainly due to the £200k budget agreed in year to fund the work required to undertake the review of the ALMO.
- 3.11 There have been some concerns about the delivery of the Northwards Capital Programme and the need to ensure there is a clear forward plan for capital investment. These concerns coupled with the impact of covid-19 has led to significant delays on the delivery of the 2020/21 programme. There has been an increased number of tenants not wishing to allow access to properties and works have been taking longer because of the pandemic. It should be noted that when the programme was put together the impact of covid-19 could not

have been reasonably foreseen. As a result the 2020/21 capital expenditure is £22.3m lower than what was approved as part of the annual budget. As part of the ongoing review of the ALMO arrangements work is ongoing to develop a plan to ensure better, and more timely utilisation of capital resources.

### **Future Years Budgets**

- 3.12 As part of preparing the 2021/22 budget the longer-term 30 rolling year business plan also has to be prepared. This takes into account all known changes to housing stock numbers, proposed investment needs and inflationary assumptions in line with the City Council medium term financial plan. The HRA Business Plan Report is shown separately on the agenda.
- 3.13 Part of the rationale for reviewing the arrangements with Northwards Housing was to deliver efficiencies which provides more scope for investment and a more sustainable 30 Year Plan. A report was taken to Executive November 2020, this was following the due diligence that had been undertaken by consultants, and this outlined the following:

*'staying as we are currently operating is not an option and that the ALMO has too many weaknesses in terms of Governance, performance, structure and delivery that need to be addressed. Whatever option is chosen will have to be in the context of a significant service delivery improvement programme.'*

- 3.14 In response to the above it was recommended, and agreed by Executive that we undertake a test of opinion with tenants with a view to bringing the functions of the ALMO back in house. A final report will be presented to Members in January 2021 with the outcome of the test of opinion, and to confirm the final decision.

The current draft plan is statutorily compliant in that a surplus is forecast at the end of each year within the three year budget strategy period.

- 3.15 Given the level of reserves held there is also some planned investment from the HRA, in excess of £87m for 2021/22 – 2023/24, and this includes schemes that will help contribute to reducing carbon. The net position after that investment still shows a surplus position.
- 3.16 The 30 year position is very volatile with small changes in the assumptions having a significant impact on the position. The attached report sets out these assumptions in more detail. However, due to a number of factors including the Government 1% rent reduction over the four years from 2016/17, the impact of the Grenfell Tower fire disaster, and the investment required to support the Council's ambition to become a zero Carbon City, the HRA could be facing a significant deficit.
- 3.17 One of the first tasks following the Test of Opinion result will be to review the business planning assumptions. Whilst for budget setting purposes the budget will be set on an as is basis the HRA this will be reviewed and updated later in

the Financial Year. Costs will continue to be regularly reviewed in order that efficiencies can be identified and reserves maintained at a sufficient level to manage risk and to fund the investment priorities.

#### 4.0 Financial position of the Housing Investment Reserve

4.1 As part of the change to self financing (See para 3.2) and the cessation of the subsidy system, the Authority utilised the Schedule 4 Part III paragraph 2 (1) of the Local Government and Housing Act 1989 which provides that:

*“ A local housing authority to whom no HRA subsidy is payable for any year may carry the whole/part of any credit balance shown in the HRA for that year to the credit of some other revenue account of theirs.”*

4.2 As a result, it was agreed in 2012/13 that £15m would be transferred from the HRA reserve to an earmarked General Fund reserve, the Housing Investment Reserve. The 2012/13 accounts were amended to effect the transfer and this was presented to Audit Committee for consideration and approval on 26 September.

4.3 The reserve was created to provide investment capacity to support the delivery of the Council’s Housing and Regeneration priorities. As this is a reserve, the planned use has to be approved as part of the Council budget setting processes and any changes reported to Executive (or full Council if the council’s overall additional use of reserves is above a certain threshold).

The table below sets out how the reserve has been used and the planned use until 2024/25 that will be recommended as part of the budget process

	<b>2016-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
		£000	£000	£000	£000	£000
Opening Balance	15,000	12,927	10,442	8,639	6,807	4,948
Residential Growth	-1790	-389	-400	-400	-400	
Staffing	-283					
Housing & Residential Growth		-174	-704	-718	-732	-747
Investment Estate		-84	-279	-285	-291	-297
City Centre Regen		-259	-312	-318	-324	-331
Neighbourhoods		-79	-108	-110	-112	-114
Housing Delivery Model		-1,500				
Closing Balance	12,927	10,442	8,639	6,807	4,948	3,460

4.4 Expenditure to date has mainly been in support of the following Residential Growth schemes; Northern Gateway, Eastern Gateway, New Islington and Angel Meadow.

4.5 For 2020-21 and future years, it is planned that in Residential Growth, support will be focused on Northern Gateway, whilst £1.5m is earmarked for the Local Delivery Vehicle (to fund feasibility and design work, and professional services to support the development of the structure, governance and financial model). The remainder of the amounts set aside are for additional staffing costs in City Centre Regeneration, The Investment Estate, Neighbourhoods and for the Housing Growth proposal to support the Council's housing ambitions.

## **5.0 Proposed Governance arrangement for Northwards Housing**

5.1 Governance options are being considered. These options include establishing a committee under s.102(4) of the LGA 1972 to advise the Executive on relevant matters relating to the former ALMO if it is brought back in house. The members appointed to the committee could all be selected from the relevant geographical area and it could also include the Executive Member with the relevant portfolio (Housing and Regeneration). Tenants could also be appointed as (voting) members.

5.2 A further factor in governance will be ensuring that tenants have a meaningful role and influence. There is an existing structure of resident engagement within Northwards including for leaseholders. However, the number of engaged tenants is low, and minority groups are not widely represented. We are working with Shelter, who will engage with the existing "Tenants View" group in order to achieve a wider and more representative level of engagement. This is particularly important in the light of the Government White Paper, "The Charter for Social Housing residents" which places much greater emphasis on genuine resident engagement following the disaster at Grenfell Tower.

5.3 North Manchester members have been engaged in discussions about the governance structure and there is a commitment that the final framework will be developed with North Manchester members and residents and reported to a future meeting of this scrutiny committee.

## **6.0 Governance of the Housing Private Finance Initiative schemes**

6.1 All three of the projects funded through the Private Finance Initiative (PFI contract) have defined project monitoring and governance requirements which are broadly the same. Standard legal drafting (Standardisation of PFI Contracts published by HM Treasury) is used across all PFI sectors, not just housing, and, by definition is very generic, leaving each procuring authority to define its own governance and monitoring regime.

6.1.1 Each project has a regular **liaison meeting** where officers from Strategic Housing meet the contractor to discuss performance matters, any project changes and consider whether any issues need to be referred up to the project Board.



6.1.2 Each project also has a resident and councillor **monitoring committee** to review contractor performance and provide a genuine “sense check” on the performance data

6.1.3 Each project has a **board** of senior representatives from the Council and the contractor, which meets at least twice a year, to deal with strategic issues and any matters referred to it from the liaison meetings.

6.1.4 Extracts from each of the Project Agreements defining the roles of the various groups are included below:

6.2 Plymouth Grove

6.2.1 Project Liaison Committee

(a) The Project Liaison Committee shall consist of those persons referred to in Clauses 1.1(b) and 1.1(c), together with such other persons as the Council and the Contractor deem necessary to attend the Project Liaison Committee Meeting in question.

(b) The Council's representatives shall be the Council's Works Manager and the Council's Operations Manager.

(c) The Contractor's representatives shall be the Service Works Manager and the Development Works Manager.

(d) The Project Liaison Committee shall meet once a month throughout the Contract Period (or at such other intervals as the Council's Representative and the Contractor's Representative shall agree) (as the case may be) and each Party shall ensure that their representatives and other persons deemed necessary to attend (as referred to in Clauses 1.1(a), 1.1(b) and 1.1(c)) attend each such meeting. The Council and the Contractor agree that all direct costs of their respective representatives attending the Project Liaison Committee shall be borne by them severally. The proceedings, powers and functions of the Project Liaison Committee are set out in **Error! Reference source not found.** (Project Liaison Committee).

6.2.2 The project has been operational for approaching 18 years.

6.2.3 Project Liaison Committees are now held whenever either the Council or the contractor requires them. They have been held at least quarterly throughout the project and monthly for the first 10 years

6.2.4 Currently the committee meetings are held every two weeks as the contractor is undertaking planned preventative maintenance work across the estate. Meetings are attended by the Council's Operations Manager and Works Manager and the contractor's Repairs Contractor and Housing Manager

#### 6.2.5 Project Supervisory Meetings (known as the Project Board)

The Parties shall procure, unless the Council's Representative and the Contractor's Representative otherwise agree, that there shall take place at least every six (6) Months during the Contract Period meetings to discuss the overall performance of the Service Works and the Services and any matters which cannot be resolved by the Project Liaison Committee. Such meetings shall be attended by:

- (e) the Council's Representative;
- (f) the Contractor's Representative,

and such other persons as either of them shall deem necessary to attend.

Project Board meetings have been held consistently throughout the project and are currently held twice a year. The Council is represented by the Head of Housing Services and the Housing Investment Manager. The contractor is represented by Board members of Grove Village Limited.

#### 6.2.6 Monitoring Committee

The Contractor shall when requested by the Council, ensure that appropriate representatives of the Contractor attend meetings of the Monitoring Committee (comprising Tenants and Council representatives) and that such persons are fully able, competent and knowledgeable to discuss and report on the issues to be discussed at such meetings.

The Monitoring Committee met monthly from the start of the project until around 3 years ago when it was agreed to meet every two months. The Committee is chaired by a resident (Chair of the local tenants' and residents' association).

#### 6.2.7 Covid response

During the first few months of the pandemic meetings were held on a weekly basis to provide information to the contractor on the Council's response and to monitor the delivery of key services during this period. These meetings have now moved to fortnightly and are attended by the Council's Operations Manager.

### 6.3 **Miles Platting**

#### 6.3.1 Project Liaison Committee

- (a) The Project Liaison Committee shall consist of those persons referred to in clauses 1.1(b) and 1.1(c), together with such other persons as the Council and the Contractor deem necessary to attend the Project Liaison Committee Meeting in question and shall be chaired by the Council's Project Manager.

- (b) The Council's representatives shall be the Council's Works Manager and the Council's Operations Manager.
- (c) The Contractor's representatives shall be the Service Works Manager, the Development Works Manager and the Operations Manager provided that following the Service Works Completion Date and the completion of the Development Works respectively the Service Works Manager and the Development Works Manager (as appropriate) shall no longer be required as a representative of the Contractor.
- (d) The Project Liaison Committee shall meet once a month throughout the Contract Period (or at such other intervals as the Council's Representative and the Contractor's Representative shall agree) and each Party shall ensure that their representatives and other persons deemed necessary to attend (as referred to in clauses 1.1(a), 1.1(b) and 1.1(c)) attend each such meeting. The Council and the Contractor agree that all direct costs of their respective representatives attending the Project Liaison Committee shall be borne by them severally. The proceedings, powers and functions of the Project Liaison Committee are set out in **Error! Reference source not found.** (Project Liaison Committee).

6.3.2 The project liaison meetings take place every month and are attended by the Council's Programme Manager and Operations Manager along with representatives from the contractor who deal with repairs, housing Management and housing development

#### 6.3.3 Monitoring Committee

The Contractor shall, when requested by the Council, ensure that appropriate representatives of the Contractor attend meetings of the Monitoring Committee (comprising Tenants and Council representatives) and that such persons are fully able, competent and knowledgeable to discuss and report on the issues to be discussed at such meetings.

6.3.4 The Monitoring Committee has not met regularly during this contract. Officers meet tenants and residents on an ad hoc basis usually on regular site visits and respond to councillor and resident enquiries and complaints. On the whole, the contractor undertakes the majority of liaison with existing tenants and residents groups about issues. To date those residents who are active in the area have not felt ready to take on a more formal monitoring role.

The contractor also provides regular, monthly, project updates to the local councillors.

#### 6.3.5 Joint Board Meetings

The Parties shall procure, unless the Council's Representative and the Contractor's Representative otherwise agree, that there shall take place at least every three (3) months during the Contract Period meetings to discuss the overall performance of the Service Works and/or the Development Works

and the Services and any matters which cannot be resolved by the Project Liaison Committee. Such meetings shall be attended by:

- (e) the Council's Representative;
- (f) the Contractor's Representative,
- (g) a representative at director level of each of the Contractor, the Operating Subcontractor, the Construction Subcontractor (until the Service Works Completion Date) and the Development Subcontractor (until completion of the Development Works); and
- (h) such other persons as the Parties shall deem necessary.

6.3.6 The joint Board meets every 6 months and the Council's representatives are the Head of Housing Services and the Programme Manager. The contractor is represented by members of the Renaissance Miles Platting Ltd board.

#### 6.3.7 Covid response

During the first few months of the pandemic meetings were held on a weekly basis to provide information to the contractor on the Council's response and to monitor the delivery of key services during this period. These meetings have now moved to fortnightly and are attended by the Council's Operations Manager.

#### 6.3.8 Other

Regular site visits are undertaken with the contractor and these now include contract meetings covering lifecycle replacement works, amongst other things.

### 6.4 **Brunswick**

#### 6.4.1 Tenant and Resident Consultation

The Contractor is required to consult with all Tenants, Leaseholders and Owner Occupiers in relation to any matter concerning the Tenancies and/or the Project Area and to provide opportunities to participate in decision-making and performance monitoring. Such consultation shall be carried out in accordance with a procedure devised by the Contractor after seeking and taking into account the views of the Tenants, Leaseholders and Owner-Occupiers as to how they wish to be consulted and involved in the decision making with particular emphasis being given to consultation with individuals and groups not usually represented by the Tenants and residents' associations. As a minimum the Contractor will follow the Authority's consultation procedures and policies as specified in the Manchester's Tenant Participation Compact as detailed in schedule 12 of the Project Agreement. The Contractor must ensure that a representative is present at all Tenants and Residents Meetings to which they are invited. The only exception being during local election period (March to May each year), if a City Councillor is going to be in attendance.

The Contractor is required to undertake a Tenant Satisfaction Survey on an annual basis. A key feature of the Tenant Satisfaction Survey is to test satisfaction with those requirements placed on the Contractor which are not easily measurable but which can be subjectively tested to ascertain quality of service delivery.

The Contractor shall seek to ensure that Tenants, Leaseholders and Owner Occupiers within the Project Area are adequately represented on any management board or other similar body, which have been created for the purposes of consultation.

The Contractor shall, when requested by the Council, ensure that appropriate representatives of the Contractor attend meetings of the Monitoring Committee (comprising Tenants and Council representatives) and that such persons are fully able, competent and knowledgeable to discuss and report on the issues to be discussed at such meetings.

6.4.2 The Monitoring Committee meets every 2 months and is attended by the Housing Investment Manager, the Programme Manager, representatives from the contractor (S4B), Local Members and the local tenants' and residents' association.

#### 6.4.3 Project Liaison Group

The Authority and the Contractor shall establish and maintain throughout the Contract Period a project liaison group (the Project Liaison Group) consisting of three members from the Authority and three members from the Contractor. The Parties may by agreement invite such other persons as they deem necessary to attend the Project Liaison Group on an ex officio basis.

The functions of the Project Liaison Group shall be:

- to provide a means for the joint review of all aspects of the performance of this Agreement;
- to provide a forum for joint strategic discussion and consideration of all aspects with regard to this Agreement including ensuring dissemination of information and consideration of the views of all stakeholders connected with the Project; and consideration of issues relating to:
  - Consents;provision of the Works and Services, including transition between Phases;and Authority Changes.

The role of the Project Liaison Group is to make recommendations to the Authority and to the Contractor, which the Authority and the Contractor may accept or reject at their complete discretion. Neither the Project Liaison Group itself, nor its members acting in that capacity, shall have any authority to vary any of the provisions of this Agreement or to make any decision binding on the Parties. The Authority and the Contractor shall not rely on any act or omission of the Project Liaison Group, or any members of the Project Liaison Group acting in that capacity, so as to give rise to any waiver or

personal bar in respect of any right, benefit or obligation of the Authority or the Contractor under this Agreement. No discussion, review or recommendation by the Project Liaison Group shall relieve the Authority or the Contractor of any liability or vary any such liability or any right or benefit. Practices and procedures

Any member of the Project Liaison Group may convene a meeting of the Project Liaison Group provided that the first meeting of the Project Liaison Group shall be convened by the Authority's Representative within 30 days of the date of this Agreement.

Not less than seven days notice (identifying the agenda items to be discussed at the meeting) shall be given to convene a meeting of the Project Liaison Group, except that in emergencies, a meeting may be called at any time on such notice as may be reasonable in the circumstances.

The Authority and the Contractor shall ensure that their respective representatives forming the Project Liaison Group shall attend each meeting of the Project Liaison Group as appropriate (or a suitable replacement) convened in accordance with paragraph 4.2 above. No other person shall attend without the prior consent of the Authority and the Contractor (such consent not to be unreasonably withheld or delayed).

The quorum for a meeting of the Project Liaison Group shall be two (with at least one Authority representative and one Contractor representative present)

Minutes of each Project Liaison Group meeting shall be taken by the Contractor and copies circulated to all members of the Project Liaison Group within seven days of the holding of the relevant meeting.

Recommendations and other decisions of the Project Liaison Group must have the affirmative vote of all those voting on the matters, which must include not less than one representative of the Authority and one representative of the Contractor.

Each member of the Project Liaison Group shall have one vote. Meetings of the Project Liaison Group shall be chaired by the Authority with the first meeting being chaired by the Authority's Representative.

Subject to paragraph 4.1, the Project Liaison Group shall meet at least one every month prior to the Initial Refurbishment Works Completion Date and thereafter at least once every quarter.

- 6.4.4 These meetings are commonly known as Neighbourhood Management Meetings and are held monthly. The Council is represented by the Programme Manager and the Operations Manager. The contractor is represented by the Project Manager, the housing management Contractor and the Repairs Contractor. Because the Brunswick project is still in the "construction" phase there are significant more meetings held with the contractor to monitor

progress and deal with any issues. Alongside the Neighbourhood Management meetings there are regular meetings with the contractor on the new homes that are being built and the infrastructure across the estate. There are specific meetings to deal with Leaseholder issues and there are regular site visits to monitor progress.

#### 6.4.5 Project Board

There is a joint project board which meets quarterly. The Council is represented by the Head of Housing Services, the Housing Investment Manager and the Programme Manager. The contractor is represented by members of the S4B Board.

#### 6.4.6 Extra Care scheme (Brunswick Village)

A key feature of the regeneration project is the delivery of a 60-bed extra care facility on Brunswick Street. Brunswick Village will be home to over 60 residents along with 24 hour care and support. A day centre and bistro will be provided along with a community space.

Due to the complexity of the design, the mix of building users and the potential vulnerability of some of the future tenants, a series of special meetings have been held between the Council, the contractor and other stakeholders during the past two years.

These will continue during the first 6 months after the Village is opened and the frequency will be kept under review. Formal governance arrangements for the various spaces within Brunswick Village are also being agreed so that there is clarity for all of its users.

#### 6.4.7 Covid response

During the first few months of the pandemic meetings were held on a weekly basis to provide information to the contractor on the Council's response and to monitor the delivery of key services during this period. These meetings have now moved to fortnightly and are attended by the Council's Operations Manager.

### **7.0 Performance management and monitoring of the Council's Tenant Management Organisations**

7.1 Tenants are able to take over the management of their Council by exercising the "Right to Manage".

7.2 A Tenant Management Organisation (TMO) can be formed by a group of council tenants who want to take on responsibility for managing the homes they live in; from organising repairs and allocations to ensuring grounds maintenance is undertaken.

- 7.3 The individuals that form the TMO come together to create an independent legal body, which is run by a tenant-led board. The aim of the TMO is to manage their housing more effectively than their landlord and help to improve community spirit, quality of life, tenant satisfaction and neighbourhood regeneration.
- 7.4 TMOs enter into a legal management agreement with their landlord and are paid an annual management and maintenance allowance by the landlord in order to carry out the management duties allocated to them in relation to their housing.
- 7.5 There is a Modular Management Agreement which sets out the standard terms and conditions and defines the relationship between the Council and the TMO.
- 7.6 Both TMOs in Manchester are within the geographical area of homes managed by Northwards Housing and the ALMO provides some services to the TMO. In order to capture the various roles and responsibilities we have had to develop a tripartite agreement between The Council, the TMO and Northwards Housing.
- 7.7 TMOs can choose which functions they want to undertake and which ones they would prefer the Council to retain.
- 7.8 Shout TMO manage 92 low-rise homes in Harpurhey and employ a part-time officer. Shout manage allocations and lettings along with lower level antisocial behaviour. Northwards Housing manage the repairs and maintenance service, relief works, rent collection and arrears recovery, all "major" works including servicing. Northwards Housing also review all serious antisocial behaviour cases referred to them and consider whether any further action, including legal action, is required and procure this on behalf of the TMO.
- 7.9 Avro Hollows TMO manage 312 properties in Newton Heath. This includes 4 tower blocks and 28 low-rise flats. Avro Hollows manage allocations and lettings along with lower level antisocial behaviour. They also procure their own repairs and maintenance contractor to manage repairs and relet works. The TMO employs a full time manager and administrative support along with 3 caretakers and a handyman.
- 7.10 Northwards Housing manage rent collection and arrears recovery along with all major works including servicing. Northwards Housing also review all serious antisocial behaviour cases referred to them and consider whether any further action, including legal action, is required and procure this on behalf of the TMO.
- 7.11 The following is an extract from the Modular Management Agreement describing the performance standards for both the TMO and the Council and the review mechanisms available.
- 7.11.1 The Tenant Management Organisation's performance standards:-



- *In carrying out its management functions under this Agreement the Tenant Management Organisation agrees to comply with the policies, procedures and performance standards set out in the Schedules to this Agreement.*
- *To ensure that the Tenant Management Organisation complies with the provisions of clause 1.1 the Tenant Management Organisation agrees to set the Tenant Management Organisation's Key Performance Indicators ("KPIs"), which enable the Tenant Management Organisation to measure its performance against the standards it is required to achieve. The Key Performance Indicators will be set in accordance with the provisions of the Schedule.*
- *The Tenant Management Organisation agrees to provide information to enable the Council to monitor the effective performance of the Tenant Management Organisation.*
- *The Tenant Management Organisation's Key Performance Indicators will:*
  - a) *be set in consultation with the Council;*
  - b) *take into account the length of time the Tenant Management Organisation has managed the Property dwellings under this Agreement, the size of the Tenant Management Organisation and any local circumstances, which may affect performance;*
  - c) *broadly reflect the targets set by the Council for the management and maintenance of the comparator area specified in the Annex which is under the Council's direct management or managed by another organisation;*
  - d) *include targets set by the Tenant Management Organisation to reflect local circumstances; and*
  - e) *include, at the Starting Date, the performance indicators listed in the Schedule, which can be varied as provided for in the Schedule.*

#### 7.11.2 The Council's performance standards

- *In carrying out its management functions under this Agreement the Council agrees to comply with the performance standards set out in the Schedules to this Agreement when carrying out, in relation to the Property, those of its management functions that are not, under this Agreement, being exercised by the Tenant Management Organisation.*
- *To demonstrate that the Council is complying with its obligations under clause 2.1 the Council will set out the Council's Key Performance Indicators, which enable it to measure its performance.*

- *The Council's Key Performance Indicators will be set in accordance with the provisions of the Schedule, and can be varied as provided for in the Schedule.*

#### *7.11.3 Regular monitoring and development meetings*

- *The Tenant Management Organisation will provide such information and access to records as the Council may reasonably need to monitor the Tenant Management Organisation's performance.*
- *The Council and Tenant Management Organisation should agree on the frequency of any periodic monitoring meetings for the purposes of:*
  - a) monitoring the performance of the Tenant Management Organisation in carrying out its management functions under this Agreement; and*
  - b) monitoring the performance of the Council in carrying out its management functions under this Agreement.*

*Each party will provide the other party with sufficient information, including finance information and information on Key Performance Indicators, no less than 14 days before the date of the meeting to enable monitoring to be properly carried out.*

*In light of the periodic monitoring meetings, the Tenant Management Organisation and council should agree on any follow up action. Where it is agreed that the council will prepare a report which evaluates the Tenant Management Organisation and its own performance, this should be sent to the Tenant Management Organisation committee, and its contents fed into the council's internal monitoring arrangements.*

*The Council will ensure that the obligations imposed on the Tenant Management Organisation under this Chapter are not so onerous as to prevent the Tenant Management Organisation from fulfilling its obligations under this Agreement or to impair its ability to fulfil those obligations.*

#### *7.11.4 Annual review*

*The Council and Tenant Management Organisation should agree on the frequency with which the Tenant Management Organisation reviews its performance, and the arrangements for such a review. This should not be more frequently than once per year, and should involve the Tenant Management Organisation comparing its performance against the agreed key performance indicators. Where the Tenant Management Organisation requests the Council not to publish any indicator on the grounds that it may reveal confidential information about a tenant or employee, the Council will comply with the request if it is reasonable to do so in the particular circumstances of the case. The Council will provide the necessary information for the Tenant Management Organisation to publish the Tenant Management Organisation's Performance Report.*

*The Tenant Management Organisation will send a copy of its performance review report to the Council. It is good practice for the Tenant Management Organisation to also make available information regarding its performance to every tenant, leaseholder and freeholder. The Tenant Management Organisation may also make the information available to others, on request.*

*The Council and Tenant Management Organisation should decide on the next steps following the performance review report, ideally within 3 months of its completion. This could include a meeting to consider their respective performance and to decide on the action needed to rectify any deficiencies in the Tenant Management Organisation's or the Council's performance. Nothing in this clause prevents the Council or the Tenant Management Organisation taking action for breach of this Agreement in respect of deficiencies in performance under clause 19 of Chapter 1.*

*Within three months of a Review meeting, the Tenant Management Organisation should produce a report of the meeting. This report should be made available to the Tenant Management Organisation's Management Board.*

#### *7.11.5 Equalities and diversity*

*The Council and Tenant Management Organisation should decide how frequently the Council measures the effectiveness of the Tenant Management Organisation's Equalities and Diversity Policy and Procedures and reports to the Tenant Management Organisation's committee on its findings. The Tenant Management Organisation will consider the report and make such changes as the Council may reasonably require ensuring that the Tenant Management Organisation complies with implementing its Equalities and Diversity Policy and Procedures (see Chapter 1, clause 10).*

#### *7.11.6 Periodic and special reviews*

*The council and Tenant Management Organisation will decide the arrangements for measuring the total performance of the Tenant Management Organisation in carrying out its management functions under this agreement. Subject to clause 6.7 this review should not be held more frequently than once every three years. In monitoring the Tenant Management Organisation's performance, the council and the Tenant Management Organisation should agree the matters to be included.*

*As soon as may be practicable after completing the review the Council will produce a Review Report which will:*

- a) identify the deficiencies (if any) in the functioning or performance of the Tenant Management Organisation;*
- b) make positive recommendations as to the action and practical steps which the Tenant Management Organisation needs to take; and*

- c) *set out the periods within which the Council considers that remedial action should be taken.*

*The Council will provide the Tenant Management Organisation with a copy of the Review Report as soon as it is available.*

*Within two months of receipt of the Review Report the Tenant Management Organisation will respond in writing to the Review Report setting out:*

- a) *the recommendations for action which the Tenant Management Organisation accepts, setting out the Tenant Management Organisation's plan and periods within which those recommendations will be implemented; and*
- b) *the findings and recommendations (if any) with which the Tenant Management Organisation disagrees, stating the reasons for the disagreement and the evidence relied upon as showing that the Council has reached incorrect conclusions.*

*If the Tenant Management Organisation disagrees with the Review Report and responds to it under clause 6.3 b) , the Council will, within one month of receiving the Tenant Management Organisation's response, give reasoned consideration to the Tenant Management Organisation's response and, in writing, either:*

- a) *accept the Tenant Management Organisation's response and amend the findings and recommendations for action in the Review Report; or*
- b) *give reasons why the Tenant Management Organisation's response is not accepted by the Council and require the Tenant Management Organisation, within one month, to submit its written plan for implementing the recommendations.*

*If a disagreement remains between the Council and the Tenant Management Organisation after the Council has given reasons in accordance with clause 6.4 b) why it requires the recommendations in the Review Report to be implemented, the disagreement will be settled by using the procedure for settling disputes specified in clause 18 of Chapter 7.*

*The Review Report will form the basis of the information presented to the tenants and leaseholders by the Tenant Management Organisation before a decision under clause 17 of Chapter 1 as to whether the Tenant Management Organisation is to continue as manager of the Property dwellings.*

*Where the Council has reason to believe that there are serious failings in the financial performance, management or governance of the Tenant Management Organisation, and that there is no realistic prospect of remedying the situation by taking action under any other provision of this Agreement, it may carry out a Special Review under the provisions of this clause . The consent of the Tenant Management Organisation is required that the persons*

*proposed by the Council to carry out the Special Review may so act, but such consent is not to be unreasonably withheld.*

*The carrying out of a Special Review does not prevent the Council from taking action against the Tenant Management Organisation for breach of this Agreement in respect of deficiencies in performance under clause 19 of Chapter 1.*

- 7.12 Until around 5 years ago the management of the TMOs was left entirely to Northwards Housing. Following a review of the Avro Hollows TMO it became clear that the Council needed to undertake a more direct involvement in the management of the TMO's. A Tripartite agreement was developed which describes the various roles of the Council, Northwards Housing and the TMO and a number of joint meetings were held with all 3 parties represented.
- 7.13 An officer from the Council has regularly attended the Avro Hollows board as an observer but he has recently been seconded to another department and to date his successor has not been able to attend any meetings.
- 7.14 It is acknowledged that the Council does not, currently, spend sufficient time monitoring the practices, procedures and performance of its TMOs, primarily due to staff resources and prioritisation. However, a number of extra posts have been agreed, in acknowledgment of the resourcing issue, and there will be a much greater emphasis on managing the TMOs in the new year.
- 7.15 A new post is being created specifically to deal with the new regulatory regime which is being introduced in the government's White Paper (see section 8.0) and this will work alongside another postholder with responsibility for Fire Safety issues. We will identify specific resources to ensure that regular monitoring meetings are held with both the TMO and the housing management staff delivering services to tenants in the TMO area. We will also schedule a series of audits throughout the year to satisfy the Council that quality services are delivered to TMO tenants. Performance reports will be produced for local members and will also be presented to the Housing Board.

## **8.0 A new Charter for social housing residents**

- 8.1 Members of the committee will be aware that the government has now issued its Housing White paper. The white paper is heavily influenced by the disaster at Grenfell Tower in June 2017 and places significant emphasis on social landlords treating their tenants with respect.
- 8.2 The Charter sets out what every social housing resident should be able to expect under 7 themes:
1. To be safe in your home. We will work with industry and landlords to ensure every home is safe and secure.

2. To know how your landlord is performing, including on repairs, complaints and safety, and how it spends its money, so you can hold it to account.
3. To have your complaints dealt with promptly and fairly, with access to a strong ombudsman who will give you swift and fair redress when needed.
4. To be treated with respect, backed by a strong consumer regulator and improved consumer standards for tenants.
5. To have your voice heard by your landlord, for example through regular meetings, scrutiny panels or being on its Board. The government will provide help, if you want it, to give you the tools to ensure your landlord listens.
6. To have a good quality home and neighbourhood to live in, with your landlord keeping your home in good repair.
7. To be supported to take your first step to ownership, so it is a ladder to other opportunities, should your circumstances allow.

8.3 Under the 4<sup>th</sup> commitment in the Charter “To be treated with respect, backed by a strong consumer regulator and improved consumer standards for tenants” the government has made a specific commitment, amongst other things, to make it explicit that provisions in contracts between local authorities and Arms Length Management Organisations or Tenant Management Organisations would be deemed void if they hindered the Regulator of Social Housing in its exercise of its powers.

8.4 The government has also agreed to review the statutory Right to Manage guidance.

8.5 In order to strengthen the Council’s scrutiny of its housing management contractors, (including Northwards Housing, the two TMOs and the three PFI-funded contractors) a new post has been created to respond to this increasing area of work.

## **9.0 Key Polices and Considerations**

### (a) Equal Opportunities

9.1 Management and governance of the Council’s homes is designed to ensure that all tenants receive high quality services and decent homes in which to live irrespective of any protected characteristic.

### (b) Risk Management

9.2 Regular contract management and monitoring is designed to identify and deal with any risks which might affect council tenants and leaseholders.

(c) Legal Considerations

- 9.3 The City Solicitor has reviewed this report and is satisfied that any legal considerations have been incorporated within the body of the report.