

Cabinet

5 MARCH 2012

**CABINET MEMBER
FOR HOUSING**

*Councillor Andrew
Johnson*

**THE FUTURE OF RESIDENT INVOLVEMENT
AND THE LEVY IN LBHF**

**Wards:
All**

This report makes recommendations following the review of Resident Involvement in LBHF. It sets out a clear vision for re-engaging with residents following the return of Housing to the Council's control, and recommendations on the future of the Tenant Levy.

The proposed Resident Involvement Strategy at Appendix 1 has been through both informal consultation and formal Section 105 consultation with residents. Letters were sent to 16,945 residents in total. 12,504 Tenants and 4,441 Leaseholders. 12 responses were received, representing a response rate of 0.07%.

12,504 Tenants were consulted about the future of the Levy. 52 Tenants expressed a view. 22 direct comments were made and 30 responses via a standard letter. This represents a 0.4% response rate of those consulted.

A separate report on the exempt part of the Cabinet agenda presents exempt information relating to current resident involvement arrangements.

CONTRIBUTORS

ADHRD
ADLDS
EDFCG

**HAS A EIA BEEN
COMPLETED?
YES**

**HAS THE
REPORT
CONTENT BEEN
RISK
ASSESSED?
YES**

Recommendations:

- 1. That the outcome of the Section 105 consultation with residents be noted.**
- 2. That the Resident Involvement Strategy attached at Appendix 1 be adopted.**
- 3. To cease the Tenant's Levy with effect from 1 April 2012.**

1. BACKGROUND

- 1.1 This report is a further update to the report made to the Housing, Health and Adult Social Care Select Committee held on 15th November 2011. It also makes recommendations following the consultation period on the draft Involvement Strategy which started on 30 October 2011 and closed on 8 December 2011; and the formal Section 105 consultation period which started on 6 January 2012 and ended on 27 January 2012.
- 1.2 Members will recall that LBHF regained management of its housing stock on 1 April 2011, when the ALMO contract ended. This presented the Council with an opportunity to review current working practices and ensure they were fit for purpose and in line with the Council's corporate model of service delivery.
- 1.3 Resident Involvement is a key factor in satisfaction for our tenants and leaseholders. However, it can also be used to drive continuous improvement, quality assurance and value for money to ensure our services are as effective and as efficient as possible.
- 1.4 The Council commissioned Phil Morgan to lead the independent review. As the former Chief Executive of the Tenant Participation Advisory Service (TPAS) and Executive Director of Tenant Services at the Tenant Services Authority (TSA), he is considered to be one of the country's leading authorities with regard to resident involvement.
- 1.5 Consultation and involvement with Tenants and Leaseholders (referred to as Residents throughout this document) is a statutory duty of a landlord.

2. REVIEW OF RESIDENT INVOLVEMENT

- 2.1 The independent review had two key objectives:
 - Assess the current arrangements and determine their fitness for purpose against best practice and statutory compliance;
 - Engage with our residents to seek their views, and make recommendations for improvement.
- 2.2 Assess current arrangements and determine their fitness for purpose.
 - 2.2.1 LBHF's review of resident involvement was carried out against the national background of resident involvement which has been reviewed recently.

2.2.2 The Tenant Services Authority will be disbanded by the Localism Act 2011 and from April 2012 all social landlords are to be regulated by the Homes & Communities Agency Regulation Committee, through a series of standards including Involvement and Empowerment. This independent sub-committee takes over the regulatory function on 1 April 2012. The current Involvement and Empowerment Standard sets regulatory expectations of social landlords in the area of resident engagement including:

- Setting and monitoring standards
- Resident scrutiny
- Agreeing Local Offers and
- Producing an Annual Report to residents

2.2.3 There is currently a consultation on a revised standard which further emphasises the importance of resident scrutiny including access to information and a robust complaints policy.

2.2.4 **Involvement Review Findings**

The main finding from the independent review was:

“That the current approach to resident involvement in relation to housing management services falls short of best practice. There is some resident involvement, but not enough and more residents need to be involved in more ways with a greater impact on service improvement. A step change improvement is required.

There are pockets of good practice with the development of Local Offers (Local Offers are agreements between a Council and its residents on service standards in a neighbourhood), and Partnership meetings; which show the beginning of a wider approach to involving residents. The Review set out a number of proposals including setting up a Local Resident Panel, a Repairs Working Group and a new Involvement Strategy. These proposals will help demonstrate fitness for purpose and compliance with the current and future Regulatory Framework.”

2.3 Engage with our residents to seek their views, and make recommendations for improvement.

2.3.1 The Council commenced a full review in September led by an independent consultant, Phil Morgan. This review focused on both involved and uninvolved residents, staff and other stakeholders. A

range of focus groups and drop in sessions were held involving over 60 residents and stakeholders including 20 staff, leading councillors and an MP.

2.3.2 The Review included a draft Involvement Strategy. This draft Strategy was sent to all residents who attended the Review meetings as well as TRAs and residents on the Council's list of interested residents. The draft Involvement Strategy was also available to the public through the Council's website. Five further drop-in sessions (12 residents attending) were held along with presentations to Area and Leaseholder Forums and the Sheltered Housing Forum. Sessions were also held on recruitment for the Local Residents Panel (8 residents attending) and recognition criteria for Tenants and Residents Associations (7 residents attending). Three formal responses were received. During the consultation period over 40 residents commented on the draft Strategy and a number of amendments were made following their input.

2.3.3 These amendments include:

- Strengthening the emphasis on delivering the Strategy through a work plan with costings and the development of both Staff Involvement Champions and staff training on working with residents.
- Running workshops for staff and residents on rolling out our current pilots on Local Offers.
- Inclusion of Right First Time in the role of the Repairs Working Group.
- Ensuring our support for TRAs includes sustaining grants where recognition criteria are met, support for auditing of accounts, admin support and emphasising the role of Local Housing Officers.
- Reviewing Area Forums.
- Introducing a protocol on communication agreed with TRAs.
- Developing an expenses policy.

2.4 The draft Strategy highlighted four principles for the Council:

- a) We will increase the number, and diversity, of residents involved;
- b) We will widen the ways in which residents can be involved;
- c) We will ensure resident involvement delivers continuous improvement, value for money and services shaped by our residents within financial constraints;
- d) We will ensure residents have the information they need to monitor and make accountable Housing Services.

2.5 The draft Strategy also highlighted five methods of involvement identified by residents themselves in a 2010 survey:

- a) Improving local areas
- b) Improving customer service
- c) Making documents easier to understand
- d) Training for residents with difficulties
- e) TRA/Hammersmith and Fulham Federation of Tenants and Resident Associations

2.5.1 A formal statutory consultation process with secure tenants pursuant to Section 105 of the Housing Act commenced in January. This also gave the opportunity to seek tenants' views on the future of the Tenants Levy. Section 105 of the Housing Act requires Local Authorities to consult with their tenants on any decision that is likely to substantially affect them on any matters regarding the housing management. As with any consultation exercise, the Council is required to inform tenants of the proposals, give them the right to comment and give consideration to those comments.

2.6 The first consultation closed on 8 December 2011. The second consultation started on 6 January 2012 and closed on 27 January 2012. The views of residents and stakeholders have been considered, and the Strategy amended to take account of useful and constructive feedback. The Strategy is now ready for adoption by the Council. It represents the step change identified in the Review and would ensure resident involvement is both fit for purpose and regulatory compliant. The full Strategy is set out in Appendix 1. In the interim, a short term plan has been developed for the period January to March 2012 as set out in Appendix 2.

2.6.1 The longer term plan will encourage involvement from a more diverse group of residents and the development of wider consultation methods. We will also look at ensuring cross working and engaging with other Council resident forums. We can update Cabinet in Autumn 2012 on the progress of this activity.

2.7 Therefore this report proposes that the Council adopts the Resident Involvement Strategy at Appendix 1.

2.8 The Review also commented critically about the current arrangements for the Tenant Levy and HAFFTRA. Currently £160K per year is raised through the Tenant Levy and paid to HAFFTRA. The Review commented that:

“The arrangements for the relationship with HAFFTRA on the Tenants Levy are arcane and unfit for purpose. There are no proper service standards in place, there are no quantitative or qualitative measures in place, there are no SMART targets and no proper or effective monitoring of the activity or impact of the Tenant Levy funding. There is no coverage of Value for Money for the Levy...HAFFTRA and its administration of the Tenant Levy has been a convenient ‘tick box’ approach to resident involvement. By continuing the funding, and paying little attention to how it was being spent, the Council has simply avoided its responsibilities on wider resident involvement. This is an unsustainable situation.”

Clearly the current arrangements are no longer an option.

3. BACKGROUND TO THE TENANTS LEVY

- 3.1 The Levy has been collected since 1992, with an express intention to review these arrangements every 4 years to ensure they were fit for purpose.
- 3.2 Collecting such a levy is a legitimate element of the rent and service charge payments under Section 24 of the Housing Act 1985, which states that Councils can make such reasonable charges as it determines for the tenancy or occupation of dwellings.
- 3.3 The Levy is eligible for Housing Benefit and the Council operates as a conduit for the transfer of the funds from the tenants to HAFFTRA. The Council does not monitor the use of the funds or their expenditure.
- 3.4 Hammersmith & Fulham Federation of Tenants and Residents Associations (HAFFTRA) has been in existence for the last 23 years. Over this time the Federation has co-ordinated and managed the way that the Council engages and consults with council tenants. HAFFTRA receives 100% of the Levy and uses this money to fund their activities.

4. CURRENT ARRANGEMENTS FOR THE TENANTS LEVY

- 4.1 The current Levy for 2011/12 is £13.00 per year, which has been shown as a separate service charge to the rent since 2006, and raises approximately £160K per annum.
- 4.2 In 2006 the Council agreed to an extension of the Levy for a further 4 year period. In 2009 the Borough Forum agreed to extend the Levy for the year 2010-11, with a commitment of a fuller review in that year. However, as an outcome of the ALMO closure consultation programme in 2010, the review of the Levy was not completed as scheduled.

- 4.3 As a result, the Tenants Levy is overdue for a review, and has therefore been considered as part of the Councils wider review of Resident Involvement. Likewise the Partnership Agreement between the Council and HAFFTRA is also overdue for review.

5. THE NEED TO REVIEW THE TENANTS LEVY AND HAFFTRA PARTNERSHIP AGREEMENT

- 5.1 The review of Resident Involvement does cover the future recognition of HAFFTRA. Over the past 23 years HAFFTRA and the Tenants Levy have become intertwined. Now is the correct time to acknowledge that the Council has a relationship with HAFFTRA that is not necessarily built upon the Tenant Levy

- 5.2 The independent review on Resident Involvement states:

“The emphasis on solely working through a Federation, representing Tenant and Resident Associations, is now almost universally disregarded as a suitable way of involving residents. Nearly all landlords, and every good one, now have in place a wider involvement approach that will take account of representative resident bodies but in the context of commitments to involve more residents in more ways with more impact.”

- 5.3 The current arrangements, which are largely unchanged since they were introduced in 1992, no longer support the approach taken by the Council in its Involvement Strategy. As set out in the Resident Involvement Strategy, the Council want to encourage more direct dialogue with its residents to drive improvements in the efficiency and effectiveness of its services.

- 5.4 The Council is not alone in considering changing this arrangement – only three London Boroughs (Hackney, Lewisham and Southwark) now have a similar arrangement in place and all charge substantially less (10p/week, 13p/week and £4.20/year respectively) than LB of Hammersmith and Fulham. Instead residents are involved in a far wider range of ways with more ability to help shape landlord services and involvement.

6. THE ROLE OF HAFFTRA

- 6.1 The four principles of the Resident Involvement Strategy outline a step change in approach by the Council. There is a move away from dialogue between two monolithic structures and increased emphasis on:

- Widening involvement:
- Widening the ways in which residents are involved;
- Linking involvement with service delivery; and
- Resident monitoring.

- 6.2 The Review of Resident Involvement stated “Discussions should take place with HAFFTRA about their role in supporting the strategy, both in terms of their independent role on behalf of their members and the now overdue Review of the Tenant Levy”.
- 6.3 Discussions have taken place with HAFFTRA Workers, the HAFFTRA Executive and Officers have attended a HAFFTRA General Meeting to explain the reasons for the termination of the Partnership Agreement (as required by the current partnership agreement).
- 6.4 There is a partnership agreement between the Council and HAFFTRA about their operation of the Tenant Levy. This agreement outlines 26 tasks for HAFFTRA to carry out as part of the Agreement as well as payment, review and dispute. It also outlines how termination is dealt with. The Agreement has been in place since 2006.
- 6.5 A notice was served on HAFFTRA on 28 December to terminate the Partnership Agreement on 30 March 2012. The notice was served even though the Residents Involvement Strategy had not been formally adopted by the Council because it was the provisional view of Officers that the current Agreement with HAFFTRA was unsustainable in light of the review findings. Notice was served because failure to do so would allow the current Agreement to run into 2012/13 and the first installment of £68K covering 40% of the Tenants Levy would have been due for payment, irrespective of the Council’s decision on the Levy and without any robust mechanism in place for monitoring how the money is spent.

7. WORK CURRENTLY FUNDED BY THE TENANTS LEVY

- 7.1 HAFFTRA as an independent organisation currently employs four staff. It is possible that the decision to end the current Partnership Arrangement could lead to their staff being made redundant. It is important to note that the Council do not intend to replicate the current service provided by HAFFTRA – whilst there are some tasks set out in the Involvement Strategy that do repeat HAFFTRA services (such as the payment of grants) our clear intention is not to repeat the majority of the 26 tasks currently covered in the agreement and not to incur the same level of costs. Instead we will look to provide new opportunities for involvement in line with the Strategy.

- 7.2 Tasks intended to be carried out include specific things such as auditing of TRA accounts and grants to TRAs. The Chair of HAFFTRA has rightly asked how these tasks might continue. The Resident Involvement Strategy states:

“We will also ensure that there is support for auditing of accounts either through the grant payment and/or through identification of resource to support TRAs.”

- 7.3 The Council will ensure that services such as grants continue and there is administrative resource to help with TRA support. These services will be funded from existing resources within the Housing and Regeneration Department. However, the Council does not envisage a like for like replacement of HAFFTRA’s current role. Instead the Involvement Strategy proposes a series of new services, including setting up and supporting the Local Residents Panel and Repairs Working Group, setting up Local Offers and providing training to residents and TRAs.
- 7.4 A budget of £70K plus identification of the Administrative resource will cover implementation of the Strategy and this can be found within the Housing Revenue Account. If Accountancy support can be provided in-house then the budget can be reduced further.

8. OPTIONS FOR THE LEVY

- 8.1 The Council needs to consider the future of the Tenant Levy itself, separately from the future Partnership Agreement with HAFFTRA. When considering the future of the Levy, there are three main options.
1. To continue the Levy at its current level. This would bring in additional income to the Council beyond that currently envisaged by the Involvement Strategy. The advantages are that any likely budget for resident involvement would be met. The disadvantage is that residents would be paying directly and through housing benefit a greater amount than needed by the Strategy.
 2. To set the Levy at a lower rate, broadly level with the likely budget for resident involvement envisaged by the Involvement Strategy. The advantages are that the budget would, in effect, be guaranteed, and there is transparency over how that budget is spent. The disadvantage is that residents would still be required to pay a levy over and above their rent and service charges.

3. To cease the Levy. The advantages are that the budget would be contained within the Housing Revenue Account. The disadvantages are that resident involvement would in future be competing for resources within the Housing Revenue Account.

8.1.1 It is worth noting that by decoupling the decision on HAFFTRA from the Tenants Levy there is no 'keep the Levy with HAFFTRA option' – instead the options are purely about the Levy itself.

8.2 Section 105 consultation with tenants on the Tenants Levy ran in parallel with the Section 105 Consultation with residents on the Involvement Strategy.

9. RESIDENT FEEDBACK ON THE SECTION 105 CONSULTATION ON THE INVOLVEMENT AND TENANTS LEVY.

9.1 The Council formally wrote to all residents on 3rd January 2012 with a Section 105 Consultation on two issues: the Involvement Strategy and the Tenants Levy.

9.1.2 Letters were sent to 12,504 Tenants and 4,441 Leaseholders (a total of 16,945 residents). Both Tenants and Leaseholders were consulted about the involvement strategy, and Tenants only were consulted about the Tenant Levy as Leaseholders do not pay for this.

9.1.3 The consultation for both the Levy and the strategy attracted 64 responses in total. This represents a response rate of 0.4% of the total consulted (16,945). The responses included 34 individual telephone, email and written responses, and one standard prepared letter signed separately by 30 residents delivered by HAFFTRA. In addition, 29 residents attended the four drop-in sessions advertised in the consultation letter.

9.1.4 Four requests were made for translation of the S105 Consultation document, covering three different languages. These were sent to the residents concerned.

9.2 Response to the consultation on the Tenants Levy.

9.2.1 There has been limited feedback on the future of the Tenants Levy with only 52 tenants expressing a view (22 direct comments and 30 responses via the standard letter that is referred to above). This represents a response rate of 0.4% of those tenants consulted (12,504).

9.2.2 The little feedback that was received was mixed with 11 direct responses from tenants supporting retention of the Levy and a further 30 via the standard letter. Only 2 tenants supported a reduced Levy and 9 tenants supported abolition of the Levy.

9.3 **Response to the consultation on the involvement strategy**

9.3.1 A total of 12 responses were received in respect of the S105 consultation via letter, phone call or email, representing 0.07% of those consulted (16,945). There has been useful feedback about the Involvement Strategy from the above responses and from residents attending the drop in sessions that have taken place. Much of the feedback either explicitly or implicitly supports the current version. One amendment, now included in the Strategy, relates to the need for quarterly reports from the Local Residents Panel and Repairs Working Group to residents.

9.3.2 There were some critical comments about how difficult it was to understand the consultation letter and Strategy. This will be addressed in future by setting up the Readers Group, as proposed in the Strategy, which will help with making communications more easily understood by residents.

9.4 **Views expressed during the consultation**

9.4.1 There was a range of views expressed about HAFFTRA. Some residents argued very strongly for HAFFTRA. These arguments included the positive role HAFFTRA played with TRAs and the Council, that it was the Council not HAFFTRA that had been failing and that HAFFTRA was as one resident said, "our union", ensuring an independent voice for residents. Those residents were also those who supported the retention of the Tenants Levy as noted above. There was also a view that the TRAs could not operate without HAFFTRA, and would be stopped if they were no longer there. There were some other residents who, whilst supportive of HAFFTRA, were also aware of shortcomings and that there may need to be change.

9.4.2 Other residents were very critical of the role of HAFFTRA in blocking their involvement and actively excluding non-TRA residents from involvement structures.

9.4.3 At one drop-in session there was surprise at the size of the grant to HAFFTRA and the four staff supported by the £160K from the levy.

- 9.4.4 As concern had been raised in the consultation, it is worth noting that the Involvement Strategy does make a firm commitment to work with and support TRAs; which should allow them to work effectively with officers. It is also worth noting that the Council is committed to discussing the future relationship with HAFFTRA although this is likely to be on a very different basis than at present.

10. HOUSING, HEALTH & ADULT SOCIAL CARE SELECT COMMITTEE

- 10.1 The Housing, Health & Adult Social Care Select Committee of 15 November 2011 considered the review of Resident Involvement and endorsed its interim findings.

11. SUMMARY RECOMMENDATION

- 11.1 The response to the consultation is indicative of the low level of involvement identified in the review. Given that the current arrangements for resident involvement through HAFFTRA and the Tenants Levy cost residents £160k/year and have been in place for over 20 years, the response overall is disappointingly low. Likewise, the level of support shown for HAFFTRA and the retention of the Tenant Levy is also very low and restricted primarily to those currently working with them.
- 11.2 In conclusion, it is recommended that the Council adopts the resident Involvement Strategy which will create more opportunities for direct involvement with a wider range of residents. Furthermore, given the low level of support for retention of the Levy and the reasons given for its review, it is recommended that payment of the Levy is ceased.

12. FINANCIAL IMPLICATIONS

- 12.1 The Council will identify a budget for resident involvement of £70k.
- 12.2 The Levy, if terminated, will both reduce income and expenditure by £160k.

13. MONITORING AND REPORTING IMPACT

- 13.1 The Cabinet Member for Housing will receive an updated briefing at each Cabinet Member Briefing Session.

14. EQUALITY IMPLICATIONS

- 14.1 Overall the proposals will support engagement with all groups through its approach to widen involvement and opportunities for involvement. This will be supported by an explicit commitment to monitor the diversity of the resident population and use that information to tailor services and support Value for Money. The approach to communication will support residents from all groups to be able to participate in the new structures.
- 14.2 The removal of the levy will have a positive impact on all residents including all ages, residents with disabilities, women with pregnancy and maternity, all race groups, all religious groups, all men and women (women proportionately more so than men) as the 25p per week charge (£13.00 per year) will not be paid as part of the weekly rent and will not be a small weekly outgoing for employed residents resulting in a positive impact for them and neutral impact for those on Housing Benefit. The resources provided to implement the strategy and assist residents become involved will not be affected due to the removal of the levy as existing resources will be used.
- 14.3 There is a full Equalities Impact Assessment, available electronically.

15 COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE

- 15.1 It should be noted that the HRA budget strategy currently proposes that the Levy increases, along with the rent increase, to £14.04 per year from Monday 2 April 2012. As noted below in the legal comments clause 1.3 of the secure and probationary tenancy agreement states the Council will give tenants 4 weeks notice in writing of any change in weekly rent and the levy is collected as part of the rent. Therefore the letters notifying tenants of the rent increase will have already been dispatched as at the date proposed for this Cabinet decision. As noted in the legal comments below if Members decide to end the Levy it will be necessary to give tenants written notice and it is likely that this will result in approximately 2 weeks income from the levy in 2012/13. Therefore the financial impact of ending the levy in 2012/13 would be to reduce income by £154k with income reducing by circa £160k in the following year. The termination of the agreement with HAFFTRA reduces annual costs from 2012/13 onwards by £160k.
- 15.2 The proposed costs (identified in section 7.7 above) of £70k will be funded by the HRA by viring additional savings identified from within other Housing Services budgets.

16. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)

- 16.1 The Council has a Partnership Agreement with HAFFTRA dating back to 2006. It is a term of the Agreement that it can be terminated by the Council giving 3 months written notice. There is also a requirement of officers to attend a HAFFTRA general meeting and explain the reason behind the decision. As indicated in the report written notice was served on HAFFTRA on 28 December 2011 and the agreement will end on 30 March 2012. After that date the Council has no obligation to pay the tenants levy to HAFFTRA.
- 16.2 There has been statutory consultation with secure tenants pursuant to Section 105 of the Housing Act 1985. Before making a decision to adopt the Resident Involvement Strategy or end the tenant's levy Members must take into account any representations made by residents during the consultation.
- 16.3 The tenants levy is collected as part of the rent. Clause 1.3 of the secure and probationary tenancy agreement states the Council will give tenants 4 weeks notice in writing of any change in weekly rent. So if Members decide to end the Levy it will be necessary to give tenants written notice.
- 16.4 Th Appendix 4 to the exempt agenda has more information on the confidential legal comments.

17. APPENDICES

Appendix 1 – Resident Involvement Strategy:

Appendix 2 – Resident Involvement Action Plan:

LOCAL GOVERNMENT ACT 2000 **LIST OF BACKGROUND PAPERS**

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	HAFFTRA Partnership Agreement 2006	Jo Rowlands 1313	HRD, 3 rd Floor Town Hall Extension
CONTACT OFFICER:		NAME: Jo Rowlands EXT. 1313	