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TRAFFORD COUNCIL

AGENDA PAPERS FOR SCRUTINY COMMITTEE MEETING

Date: Tuesday, 11 April 2017

Time: 6.30 p.m.

Place: Committee Room 2 and 3, Trafford Town Hall,
Talbot Road, Stretford M32 0TH

AGENDA	PART I	Pages
1.	ATTENDANCES	
	To note attendances, including Officers, and any apologies for absence.	
2.	DECLARATIONS OF INTEREST	
	Members to give notice of any interest and the nature of that interest relating to any item on the agenda in accordance with the adopted Code of Conduct.	
3.	CALL IN OF EXECUTIVE DECISION: E/27.3.17/9A - CHANGES TO THE PARTNERSHIP AGREEMENT WITH TRAFFORD HOUSING TRUST	
	The Committee are requested to consider the call in of the above Executive decision in relation to the Changes to the Partnership Agreement with Trafford Housing Trust.	
	(a) Executive Decision Report	1 - 6
	(b) Executive Decision Statement	7 - 8
	(c) Call In Proforma	9 - 10
	(d) Supplementary Report of the Executive Member for Economic Growth, Environment and Infrastructure	To Follow
4.	URGENT BUSINESS (IF ANY)	
	Any other item or items (not likely to disclose "exempt information") which, by	

Scrutiny Committee - Tuesday, 11 April 2017

reason of special circumstances (to be specified), the Chairman of the meeting is of the opinion should be considered at this meeting as a matter of urgency.

THERESA GRANT

Chief Executive

Membership of the Committee

Councillors S. Adshead, R. Bowker, C. Boyes, K. Carter, M. Cordingley (Vice-Chairman), Mrs. P. Dixon, N. Evans, J. Holden, D. Hopps, D. Western, M. Young (Chairman) and J. Harding (ex-Officio).

Co-opted Members for Education Matters Only: Sister P. Goodstadt and S. Khan.

Further Information

For help, advice and information about this meeting please contact:

Chris Gaffey, Democratic & Scrutiny Officer,

Tel: 0161 912 2019

Email: chris.gaffey@trafford.gov.uk

This agenda was issued on **Thursday, 6 April 2017** by the Legal and Democratic Services Section, Trafford Council, Trafford Town Hall, Talbot Road, Stretford M32 0TH.

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Please contact the Democratic Services Officer 48 hours in advance of the meeting if you intend to do this or have any queries.

TRAFFORD COUNCIL

Report to: Executive
Date: 27th March 2017
Report for: Decision
Report of: Executive Member for Economic Growth, Environment and Infrastructure

Report Title

Changes to the Partnership Agreement with Trafford Housing Trust

Summary

The report sets out proposed changes to the Partnership Agreement between Trafford Council and Trafford Housing Trust, to strengthen the partnership approach between the two parties, but also recognising the changing economic, social, statutory and regulatory environment in which Registered Housing Providers now operate.

Recommendation(s)

The Executive are recommended to:

- (a) Agree the proposed changes to the governance arrangements of Trafford Housing Trust ("THT") and to its obligations arising under the terms of the Transfer Agreement between the Council and THT dated 14 March 2005 as set out in this Report;
- (b) Delegate authority to the Deputy Chief Executive, in consultation with the Director of Legal and Democratic Services to finalise the terms of the proposed Deed of Variation and Partnership Protocol to give effect to the proposed changes;
- (c) Authorise the Director of Legal and Democratic Services to complete and enter into the Deed of Variation and Partnership Protocol in the terms agreed

Contact person for access to background papers and further information:

Name: Richard Roe
Extension: 4265

Background Papers:

None

Implications:

Relationship to Policy Framework/Corporate Priorities	This report relates to the Corporate Priorities for Economic growth and development and Reshaping Trafford Council.
Financial	There are no direct financial implications associated with this report.
Legal Implications:	Under the terms of the original Transfer Agreement and Deed of Covenant THT are required to obtain the Council's consent to any change to the governance arrangements or the community funding promise and can only seek such consent following consultation with their tenants and where the majority of tenants responding are supportive of the proposals. THT will need to secure the approval of its Board to the proposed changes. In order to allow the changes to be put into effect it will be necessary for THT and the Council to enter into a Deed of Variation and a new Partnership Protocol.
Equality/Diversity Implications	None.
Sustainability Implications	None.
Resource Implications e.g. Staffing / ICT / Assets	None.
Risk Management Implications	None
Health & Wellbeing Implications	None.
Health and Safety Implications	None.

1.0 Background

- 1.1 Trafford Housing Trust (THT) was established as a not for profit company limited by guarantee in 2005 and took ownership of the Council's housing stock of around 9000 homes for rent together with all related assets and undertakings pursuant to a Transfer Agreement entered into on 14 March 2005 ("the Transfer Agreement")
- 1.2 The Transfer Agreement set out the terms of the transfer of the housing stock. A Deed of Covenant set out the various obligations of the Council and THT following the completion of the transfer and committed THT to making improvements to the housing stock and to investing financially in neighbourhood improvements.
- 1.3 At the same time the parties also entered into a Partnership Protocol which recognised the respective roles of the Council as strategic housing authority for the

Borough of Trafford and of the Trust as the largest RSL operating within the Borough with objectives which were designed to support the Council's strategic aims.

- 1.4 The overall aim of the Partnership Protocol was to promote the social, economic and environmental wellbeing of the people of Trafford and the parties committed to working together in partnership having regard to the spirit of the Partnership Protocol.
- 1.5 The Transfer Agreement set out provisions in relation to the appointment of directors to its board. These arrangements were subsequently altered to reduce the number of directors the Council had the right to appoint to the board of THT from five to three and to require that the Board includes three tenant/leaseholder directors. This was in part to ensure that THT delivered on its promises to tenants contained within the Transfer Agreement.
- 1.6 In addition to the right to appoint directors to the Board the Council was also granted rights under THT's Memorandum and Articles, giving the Council 33.3% membership, and equivalent voting rights at General Meetings.
- 1.7 It is acknowledged that THT has delivered on the promises contained in the Transfer Agreement and that it has developed into a more complex business which is continuing to expand into new areas of operation which are consistent with the overall objective of the Partnership Protocol.
- 1.8 It is also acknowledged that regulatory and legislative environment within which THT operates is changing. In recognition of this, of THT's changing role and of the changing needs of the Council and the people of Trafford, it was agreed to carry out a review of the obligations which were created on the completion of the housing stock transfer and the governance arrangements for the THT board which were put in place at that time. In particular, THT is looking to significantly increase its development activity, which will require it to invest outside the Borough in order to strengthen its financial position. It has secured additional funding and entered into a JV arrangement to bring forward future development. This requires a review of the governance arrangements which currently apply.
- 1.9 The changes proposed have been consulted on by THT with its tenants and the response has been supportive of the changes proposed, including those in relation to the Community Funding Initiative.

2.0 The Proposed Changes

- 2.1 Changes are proposed to the Partnership Protocol and to the Deed of Covenant as follows:-

Partnership Working – THT have agreed to an absolute commitment to:-

- support Trafford Youth Trust in its delivery of its objects; and
- support and be a key partner in the Public Service Reform (PSR) Agenda; supporting collaborative working across areas where both the Council and THT provide services through the provision of a financial or resource in kind contribution to PSR Agenda initiatives, such as the "All Age Front Door", to enable housing needs to be identified at an early stage; and

- offer opportunities for work experience for looked after children and to work with its contractors to extend that offer to include additional opportunities for such children within those organisations.

Temporary Homelessness – The Partnership Protocol will commit THT to the following:-

- providing up to an agreed number of temporary accommodation units (currently 52) to Housing Options Service Trafford (HOST) on short term leasing arrangements;
- the leasing terms for such temporary accommodation units are to be agreed by THT and the council/HOST;
- THT and the council to work collaboratively towards agreeing a joint allocations policy for those of THT's properties which are subject to the terms of the Nomination Rights Deed. The terms of the Nominations Rights Deed remain unchanged, enabling the Council to nominate to up to 75% of THT's void properties;
- THT and the council to meet from time to time to discuss the allocation of Social Housing within the Borough with the aim of ensuring that it best meets the needs of those individuals in need of accommodation in the Borough, including those that are currently housed in temporary accommodation; and enables the Council to meet its statutory obligations in this regard.

Provision of Social Housing – the Protocol document recognises that THT is expanding its housing development activities outside the Borough. In order to support this the document makes the following provision:-

- A commitment on the part of THT to the delivery of social housing within Trafford such that it will aim to ensure that no less than 50% of the new Social Housing units it develops or acquires in each Financial Year are located within the Borough;
- The minimum % figure will be revised downwards proportionally in the event that the number of Social Housing units owned or acquired by THT (and any Group Member) includes units located outside the Borough, to reflect the proportion of Social Housing units that are located in the Borough and those located outside the Borough. The principal of this is agreed subject to either the deletion of reference to Group members from this provision or to the agreement on a minimum figure for the proportion of in Trafford/out of Trafford units.

Community Investment – this provides for the amount to be made available for 'Social Dividend Projects' to be increased above the amounts which THT were committed to provide under the terms of the original funding promise. The original agreement requires THT to provide £120k per annum (subject to inflation) for each of its five areas, for 30 years. This equates to £660k in the current year. The proposed arrangements are as follows:-

- THT shall apply up to 10% of its operating surplus in each financial year up to 31st March 2027 into a Social Dividend Fund. The total amount to be invested in the period will be no less than £10 million in total, subject to the requirements of THT's lenders and the requirements of the Regulator and THT's financial standing from time to time. This represents an average of £1m each year, as opposed to £660k which is the figure in the original promise;

- Trafford Social Dividend Projects are defined as “projects or initiatives approved by THT (following consultation carried out regularly with THT’s tenants, and other residents of the Borough, and stakeholders including Trafford Council to identify neighbourhood and Borough wide priorities) which benefit the Borough (and its residents);
- The parties are required to reach agreement on a delivery model for the initiatives within three months of the date of the agreement;
- From the later of the 31 March 2027 or the date THT is able to demonstrate that it has applied no less than the Original Community Investment Sum towards Community Investment Arrangements and Trafford Social Dividend Projects, they will be under no further obligation to apply any sums towards the Social Dividend or the Community Investment Arrangements;
- THT and the Council will review how THT may continue to support funding for local initiatives post 2027;

Governance arrangements – the Deed of Variation acknowledges that the evolution of the partnership approach between the Council and THT needs to be reflected appropriately in the Governance arrangements. The original arrangements reflected the Council’s direct interest in ensuring that the promises made in the offer document were fulfilled. In recognising that this has been achieved, and the changing operational environment, it is appropriate now that the Council adopts a different role. It is proposed that the Council will no longer have the right to nominate Director’s to THT’s Board. THT’s Memorandum and Articles will also be amended to remove the Council’s membership and associated voting rights. The Deed of Variation will provide:

- a right for the Council to nominate one senior officer of the Council to THT’s social investment funding board; and
- a right for the Council to nominate one of the Council’s elected members to THT’s customer scrutiny panel or such other customer focused panel as THT may operate from time to time;
- THT agrees not to amend these provisions within the standing orders without the Council’s prior written agreement to such changes;
- THT will adopt a transparent skills based recruitment process for membership of its Board which is designed to ensure that it has a board with the skills and experience needed to manage its activities; and
- THT will offer opportunities and training (including mentoring) to its tenants to enable them to be involved in the governance structures within the Trust, (including where appropriate the Trust’s Board) recognising the skills that the Trust’s tenants can bring to the governance structures as customers of the organisation.

Other Options

The Council could choose not to amend the partnership protocol or the Deed of Covenant, and retain the provisions as originally agreed. This wouldn’t reflect the changing requirements of THT as an independent organisation, and of the Council’s

priorities to support economic and housing growth and to enhance our partnership approach to service delivery and community development.

Consultation

THT have consulted with their residents on the proposed changes, as set out in paragraph 1.9.

Reasons for Recommendation

To enable new partnership and governance arrangements to be put in place with THT.

Key Decision No

If Key Decision, has 28-day notice been given? N/A

Finance Officer Clearance*(type in initials)....NB.....*

Legal Officer Clearance *(type in initials).....JLF.....*



CORPORATE DIRECTOR'S SIGNATURE *(electronic)*

To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.

TRAFFORD BOROUGH COUNCIL

STATEMENT OF EXECUTIVE DECISION

<u>DATE OF DECISION</u>	27 March 2017	<u>DECISION MAKER</u>
<u>DECISION REFERENCE</u>	E/27.03.17/9a	Executive (Councillors Sean Anstee, L. Evans, Hyman, Lamb and Williams)

RECORD OF THE DECISION

URGENT BUSINESS: CHANGES TO THE PARTNERSHIP AGREEMENT WITH TRAFFORD HOUSING TRUST

1. That agreement be given to the proposed changes to the governance arrangements of Trafford Housing Trust (“THT”) and to its obligations arising under the terms of the Transfer Agreement between the Council and THT dated 14 March 2005 as set out in the Report.
2. That authority be delegated to the Deputy Chief Executive, in consultation with the Director of Legal and Democratic Services, to finalise the terms of the proposed Deed of Variation and Partnership Protocol to give effect to the proposed changes.
3. That the Director of Legal and Democratic Services be authorised to complete and enter into the Deed of Variation and Partnership Protocol in the terms agreed.

REASONS FOR THE DECISION

To enable new partnership and governance arrangements to be put in place with THT.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED AT THE MEETING/BY MEMBERS

The Council could choose not to amend the partnership protocol or the Deed of Covenant, and retain the provisions as originally agreed. This would not reflect the changing requirements of THT as an independent organisation, and of the Council’s priorities to support economic and housing growth and to enhance our partnership approach to service delivery and community development.

CONFLICTS OF INTEREST DECLARED AND ANY ASSOCIATED DISPENSATION

Councillors Sean Anstee and Lamb each declared a Personal Interest in this item in respect of their Board membership of Trafford Housing Trust.

Scrutiny Call in Deadline

Wednesday, 5 April 2017

Implementation will be on the following working day

PUBLICATION DATE

29/3/17

RECORDED BY:

Director of Legal & Democratic Services

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REQUEST FOR CALL IN OF AN EXECUTIVE DECISION

ON COMPLETION BY CALL-IN MEMBERS THIS PROFORMA SHOULD BE FORWARDED AS SOON AS POSSIBLE DIRECTLY TO DEMOCRATIC SERVICES (2nd Floor, TTH) FOR RECORDING AND REFERRAL TO THE CHAIRMAN OF SCRUTINY COMMITTEE

[N.B. NO EXECUTIVE DECISION MAY BE CALLED IN PRIOR TO PUBLICATION]

TO: CHAIRMAN OF SCRUTINY COMMITTEE

From: COUNCILLORS: Cordingley, Carter, D Western, Adshead, Harding

Date: 4th April 2017

- [Notes: (1) Only Overview & Scrutiny Councillors are entitled to request call-in of a decision.
 (2) The Chairman or, where appropriate, the Vice-Chairman of the Scrutiny Committee can be asked by any 3 Overview & Scrutiny Members to exercise the right to request that the Chief Executive call in a decision.
 (3) The Chairman can exercise the right to request call in of a decision under his / her own authority.]

EXECUTIVE DECISION TO BE CALLED IN: (Title & Ref. No.)
CHANGES TO THE PARTNERSHIP AGREEMENT WITH TRAFFORD HOUSING TRUST

E/27.3.17/9a

DECISION TAKER:

Executive

(Councillors Sean Anstee, L. Evans, Hyman, Lamb and Williams)

DATE OF MEETING / DECISION

27th March 2017

Decision:

1. That agreement be given to the proposed changes to the governance arrangements of Trafford Housing Trust ("THT") and to its obligations arising under the terms of the Transfer Agreement between the Council and THT dated 14 March 2005 as set out in the Report.
2. That authority be delegated to the Deputy Chief Executive, in consultation with the Director of Legal and Democratic Services, to finalise the terms of the proposed Deed of Variation and Partnership Protocol to give effect to the proposed changes.
3. That the Director of Legal and Democratic Services be authorised to complete and enter into the Deed of Variation and Partnership Protocol in the terms agreed.

Criteria checklist (MUST be specified):

- a) Inaccurate information of a substantial nature given to decision taker
- b) Inadequate consultation was carried out ✓

- c) Alternative options were not given sufficient consideration _✓_
- d) Insufficient information was available _✓_

Reasons for call-in:

This decision was added to the Executive's agenda just hours before the meeting and it shows in the report, which is clearly rushed. There is no information with regard to the consultation with tenants and leaseholders and very little argument put forward in terms of the decision.

A call in of the decision would enable the Decision Takers to give proper weight to an important decision in terms of the council's partnership with Trafford Housing Trust and to properly assess risks.

PLEASE NOW FORWARD THIS PROFORMA DIRECTLY TO DEMOCRATIC SERVICES (2ND FLOOR, TTH) FOR RECORDING AND REFERRAL TO THE CHAIRMAN OF SCRUTINY COMMITTEE

I ~~accept~~ / ~~do not accept~~* that one or more of the above criteria is met in relation to this decision. The criteria accepted, from those specified in the call-in request, are: D . I therefore request that the Chief Executive calls in this matter for consideration by the Scrutiny Committee.

Signed M. P. Young

Chairman, Scrutiny Committee

Date 5th April 2017

* I have not upheld this call-in request for the following reasons:

Any additional comments from the Chairman:

The timing of the issue of this report and the meeting of the Executive was inadequate for proper consideration of the facts. In particular, insufficient information on:

- a) The urgency of the decision timeline
- b) Lack of details of the Trafford Housing Trust consultation.

[Note for the Chairman: On completion, please forward this form to Democratic Services (2nd Floor, TTH) for immediate attention.]

Last Updated 12.08.14