



TRAFFORD
COUNCIL

**AGENDA PAPERS MARKED 'TO FOLLOW' FOR
SCRUTINY COMMITTEE MEETING**

Date: Tuesday, 11 April 2017

Time: 6.30 p.m.

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

A G E N D A

PART I

Pages

**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.

- (d) Supplementary Report of the Executive Member for Economic Growth, Environment and Infrastructure

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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:

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Scrutiny Committee - Tuesday, 11 April 2017

This agenda was issued on **Tuesday, 11 April 2017** by the Legal and Democratic Services Section, Trafford Council, Trafford Town Hall, Talbot Road, Stretford M32 0TH.

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TRAFFORD COUNCIL

Report to: Scrutiny
Date: 11th April 2017
Report for: Information
Report of: Executive Member for Economic Growth, Environment and Infrastructure.

Report Title

Changes to the Partnership Agreement with Trafford Housing Trust

Summary

The report provides further information, as requested by Scrutiny committee following the call-in of a decision by the Executive in relation to changes to the Partnership Agreement with Trafford Housing Trust.

Contact person for further information:

Name: Richard Roe
Extension: 4265

1.0 Background

1.1 At their meeting on the 27th March 2017 the Executive approved a report and recommendations relating to changes to the Partnership Agreement between the Council and Trafford Housing Trust (THT). This decision has been called-in by Scrutiny Committee, with a request for a supplementary report to address the following issues:

- a. Information from the consultation held by THT in relation to the proposed changes;
- b. Information on why the decision was required to be taken urgently;

1.2 These issues are addressed in turn in this report below.

2.0 Consultation

2.1 THT undertook an integrated four week marketing campaign to raise awareness of the changes and encourage tenants to participate in the consultation. A letter and information booklet was sent by THT to all tenants in the post providing the option to request a postal vote or call an independent research company on a free phone

telephone number to give their opinion. Engagement was incentivised by offering a prize draw to win one of 20 £25 vouchers.

- 2.2 Previous experience of this type of consultation has been low engagement. Therefore this open consultation methodology was followed up by direct tenant sampling. An independent telephone research company, Voluntas, undertook a 'general mood' test of opinion. The research company made outgoing calls to a random sample of tenants until a minimum of 7.1% of tenancies agreed to answer to a brief questionnaire. This sample size was selected in order to achieve a statistically valid response rating of 99% confidence with a 5% margin of error (meaning that we can be 99% confident that the result of the test of opinion sample reflects the views of full population within 5% of the result).
- 2.3 The sample and "self-selecting" tenants were asked to answer a short telephone or paper questionnaire to ensure that they have received and understood the relevant information and to ask their opinion on whether or not they support the change. The headline outcomes from the consultation are summarised below.
- 2.4 In total, 54 tenants proactively contacted Voluntas to provide their views on the proposed changes, and 621 tenants were contacted by Voluntas to ask for their views. The test of opinion therefore includes the views of 675 tenants; 7.3% of the whole THT tenant population.
- 2.5 To ensure the findings of the test of opinion are robust and generalizable to all THT's tenants, the profile of the 621 outbound contacts was designed to be representative of the whole population in relation to gender, age group, ethnicity and area of residence. This was achieved to a high level of accuracy.

'Overall, 94.5% of the tenants Voluntas spoke to were not opposed to the changes to the Community Funding proposed; 70.8% were in support and 23.7% had no opinion.

Not opposed was the majority view of both tenants who proactively contacted Voluntas to give their view (87% not opposed; 74% in support and 13% no opinion), and those contacted by Voluntas to ask for their view (95.2% not opposed; 70.5% in support, 24.6% no opinion).

Taking into the account the total number of THT tenants, the number of people who responded to the survey and the percentage not opposed, the confidence interval attached to the overall score is +/-1.6%. This means that when the 'not opposed' score of 94.5% is generalized to the whole THT tenant population, the actual score can be assumed to be between 92.9% and 96.1% (94.5% +/- 1.6%).

It was therefore Voluntas' professional view that the majority of THT tenants are not opposed to the changes to Community Funding proposed by THT'.

3.0 Urgency of decision

- 3.1 It was necessary to seek urgent approval of the decision, so that the approved changes could be put in place at the beginning of the new financial year. The alternative would have been to either to report to June Executive, thereby delaying implementation by three months or to seek a delegated decision. Whilst the report was not a key decision, and could have been taken under delegation, it was considered appropriate that it be brought to Executive to enable appropriate discussion.

- 3.2 The changes to the Community Funding processes have been subject to a detailed consultation process with tenants, residents, members of the Panels and officers at Trafford Council. Plans are being developed for the move to a model based on a Social Dividend, with a minimum of £1m funding available for distribution by THT in the 2017/18 Financial Year. It was necessary to undertake the detailed consultation before seeking Council consent to the change to the Transfer Promise. Approval of the change is required so that the new arrangements can be put in place for distribution of the social dividend for 2017/18.
- 3.3 With regard to the Governance changes, currently the THT Board is restricted to 10 Board Members and of these four places are for Independents, who are recruited through an open recruitment process. Following a skills audit of the Board Members in 2016, there were identified skills gaps in development expertise from the current Board Members. An open recruitment process was held in 2016 to recruit Non Executives with development expertise, who could strengthen the non-executive oversight of the growing Development function of THT. Two new non-Executives with development expertise have been recruited but under the current governance arrangements the individuals can only be appointed as Board co-optees.

4.0 Reason for decision and other options

- 4.1 There are two elements to the proposed changes to the Partnership Agreement; the first relates to governance arrangements and the second to the mechanics of the Community Fund. These two elements are addressed below.
- 4.2 The Governance changes have been determined by the Board of THT to be appropriate and necessary to ensure continued strong governance of the organisation. THT is increasing in its complexity, particularly in relation to development, where it expected that expenditure on its Joint Venture development programme for the next four years will be in the region of £450 million. The Board of THT consider that effective governance of the organisation necessitates that the Board is able to recruit and appoint directors without any restrictions in place with regard to meeting constituency requirements. The proposed governance changes also take account of the Government's deregulation provisions, which will remove Local Authority Golden Share controls.
- 4.3 The Council fully acknowledges the changes to THT as an organisation, and the requirement to revise the governance arrangements accordingly. The potential for future changes to governance agreements were identified at the time of transfer and the original agreement between the Council and THT included provision for THT to request amendments. The approval of the governance changes are part of a wider agreement with THT to develop new and stronger partnership working between the Council and THT. As part of the Partnership Agreement THT has committed to continuing to provide temporary accommodation units to HOST, continue to allocate housing via the Council's housing waiting list and increase its support for the work of the PSR Agenda. In addition the new agreement contains a commitment from THT to a continuation of provision of new social housing in the Borough of Trafford.
- 4.4 The changes to the governance structures were supported by the Board of THT. It is the intention of THT to continue to seek to appoint both Local Authority Councillors and tenants to the Board of the Trust, however, the move to a Board that is "single status" and therefore that does not differentiate between categories of Board Members is seen by the Board of THT as a necessary and vital component of good governance.

- 4.5 The governance changes also enable THT to move to a governance structure that can include more tenants and customer representatives at all levels of the structure, and the amended Standing Orders of THT specifically note that support will be provided to tenants to enable them to participate at all levels of the governance structures, including the Board.
- 4.6 Scrutiny should also note that local authority nominees to the THT Board do not sit on the Board to represent the Council's interests. Once on the Board they have a legal duty to act in the best interests of THT, and to declare any conflicts of interest.
- 4.7 Not accepting the proposed changes would prevent THT from being able to implement governance changes that have been approved by their own Board, and will restrict THT from being able to recruit as wide a range of skills as they require.
- 4.8 The provisions in relation to the Community Fund provide a significant annual increase to the level of investment into community projects. The actual amount to be provided each year will be dependent on the surplus generated by THT, but with a minimum of £1m. The delivery model is to be agreed between the Council and THT (within three months of the date of the agreement).
- 4.9 Whilst the proposal represents a significant annual increase in community funds, the original Community Investment arrangements ran for thirty years, until 2035. Therefore, in order to ensure that the financial commitment made at the time of transfer is met, it is proposed that the new Community fund arrangements run for ten years (until 2027) or until the value of the original arrangements has been met, whichever is the later. Once the commitment has been met the Council and THT will review future arrangements to support funding for local communities.
- 4.10 The alternative would be for the Council not agree to the proposed change to Community Funding and retain the existing arrangements. This would be consistent with the commitment made in the offer document in terms, but would reduce the funding available to community initiatives over the next ten years, and could potentially reduce the overall level of funding provided by THT. The new proposal is therefore considered to be the preferred option.