

Briefing Note **Management Agreement**

Purpose of the Management Agreement

The Management Agreement governs the liabilities and responsibilities of both the Council and the ALMO.

What Services will be transferred ?

The Council will transfer all Housing management functions to the ALMO to manage on behalf of the Council. The Council continues to own the housing stock, therefore tenancy or lease terms cannot be varied without its consent. The Council reserves the right to exercise any landlord function in respect of any property notwithstanding the agreement. All matters of policy remain with the Council. The prime functions to be managed by Tower Hamlets Homes are:

Lettings
Tenancy Management of LBTH Estates
Leasehold Management of LBTH Estates
Estate Management of LBTH Estates
Repairs and Maintenance
Right to Buy
Rent & Service Charge collection
Management of Shops, garages estate offices stores
Management of Community Buildings that are an integral part of Housing Blocks
TMO's

How will the ALMO be paid ?

The ALMO will receive a Management fee to carry out the Housing management services and will comprise two elements, a fee relating to the management of the council's dwelling stock and a fee to manage the Housing Capital programme. This fee will be reviewed annually and will be renegotiated taking into account any reduction in the housing stock or variation in the services due to change in law or other factors.

In the event that the ALMO produces a surplus, the Agreement provides for it to be used in accordance with any scheme for surpluses agreed in the Delivery Plan, or any other scheme for surpluses agreed by the Council. However, in all circumstances, it accrues within the Housing Revenue Account and must be spent for the benefit of residents.

The Duration of the Agreement

The Agreement is for Ten years with an option for the Council to review on notice after five years. The Agreement can be varied by the Council only either unilaterally or in response to a proposal from the ALMO which the Council is not obliged to accept. The parties will then decide what impact the variation will have on the Management fee and whether it should be increased or decreased. In the event that there is a dispute over the fee or if the ALMO considers the Council's variation significantly changes the fundamental nature of the agreement this issue this will be resolved by the Dispute Resolution Procedure.

How the Services will be delivered by the ALMO ?

The main provision is the requirement on the ALMO to deliver what is in the Delivery Plan. The Delivery Plan sets out the targets; standards and outputs required of the ALMO and will be reviewed and revised annually by the council and the ALMO together. The ALMO Board will review performance and oversee the delivery of each plan.

Performance Review

The Agreement contains detailed provisions regarding the information required by the Council in order to discharge its statutory obligations, file official returns, establish its budgets etc and to monitor the ALMOs performance. There are requirements to have meetings at various levels of the two organisations. The ALMO is required to undertake its own audit and co-operate with any required by the Council.

Standard of Service Provision

The ALMO is required to deliver its services in compliance with all relevant legislation and in accordance with the Council's policies, strategies, standards, contract rules and priorities. This applies for instance to financial regulations, health and safety, IT security and members enquiries. The ALMO will initially adopt the council's own complaint procedure, but later adopt or vary this subject to the councils consent.

Probity

The ALMO will be required to adopt financial procedures, contract rules, employment policies etc which will ensure assets are properly managed, contracts are entered into lawfully and proper efforts are made to prevent and detect fraud. The Council has the right to enter the offices or work places of the organisation to examine records and procedures and to interview staff to ensure proper provision of the service.

Where will the ALMO be located ?

It is proposed that the Council will initially provide space within its existing premises and either grant/ sublet/assign a lease to the ALMO. The main offices are likely to be:

Head Office: Jack Dash House, 2 Lawn House Close, E14 9YQ
Local Services Centres at:
* Redcoat, 260-262 Stepney Way, E1 3DW
South Poplar, Chrisp Street LSC, 15 Market Square, E14 6AQ
Gladstone, 1 Gladstone Place, E3 5EQ
Rushmead, 1 Rushmead, E2 6NE
Telephone Help Centre – Anchorage House
* alternative location being sought

All services will be available during general office hours of 9am to 5pm and a 24hr service is operated for Repairs. The service locations are subject to consultation and may change. Certain assets such as IT equipment desk and chairs owned by the Council will be made available to the ALMO to provide the services. The ALMO will maintain its own insurance and the Council will remain responsible for Insurance cover for the housing stock.

Will there be Staff transfer under the TUPE Regulation.

The Council will transfer to the ALMO certain staff to continue to operating the Housing services. The transfer will be under the TUPE Regulations and will ensure the workforce will transfer from the Council to the ALMO on the same terms & conditions, which includes their Pensions rights. The ALMO is committed to allowing representation through a union.

As is normal on TUPE transfers, the Council indemnifies the ALMO for pre-transfer liabilities and the ALMO indemnifies the Council for post-transfer claims.

Service Level Agreements (SLA's)

To ensure continuity for the ALMO when the management services are transferred a number of internal services will be provided by the Council to the ALMO – payroll, HR, legal services, insurance, ASB, ICT, etc. The Audit Commission require that all ALMO's must review the support services provided by the Council within the first 12 months of its operation applying best value and VfM principles. If, after that period the ALMO wishes to terminate any of the SLA's with the Council then it would require to give the Council 6 months notice to terminate.

Termination

If there is any material failure by the ALMO where in the view of the Council there is delay, interruption or prevention of a continued services, the Council may, acting reasonably, either provide or contract another party to provide all or part of those services or terminate the whole agreement. Similarly the agreement may be terminated if, notwithstanding attempts to rectify matters, the Council is not satisfied that it represents best value. The ALMO will not be liable for breaches where the liability would not have arisen had the Council complied with its obligations under the agreement. If termination is not appropriate because the failure is not "material", the Council may serve rectification notices requiring the ALMO to correct any failure and if they do not comply it may then lead to termination of the contract by the Council.

Dispute Resolution

Disputes between the ALMO and the Council arising out of or in connection with the Agreement that are unresolved will be referred to specific officers and this can be escalated to the representatives of the Council and the ALMO and then to the respective Chief Executives. If still unresolved then it would go to a neutral advisor and finally to an Expert if the value of the subject matter exceeds £50,000. Both parties must seek to resolve any dispute in a spirit of mutual trust and co-operation.