

**Step-by-Step Guide to**

# **YOUR RIGHT TO MANAGE**

**City of Westminster**

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## *The Right to Manage*

### **The right to manage**

Through legislation, tenants and lessees now have the right to take over the management of their homes. This is known as the 'Right to Manage'.

### **What is Tenant Management?**

Tenant Management is a form of participation in which the tenants and lessees in an area take on the responsibility for day-to-day management and repairs. The Council still owns the property and residents keep their secure tenancies or existing leases.

### **Can all residents do it?**

The Right To Manage applies to all tenants and lessees as long as the block or estate is not too small. To start the process, a properly constituted residents' group with a membership of at least 20% of the estate must first be set up. Any residents' organisation with a constitution which demonstrates that it is representative and accountable can exercise the Right to Manage. This right only applies to Council tenants and leaseholders.

The legislation to give this right was included in the Leasehold Reform, Housing and Urban Development Act 1993 and came into force on 1 April 1994. It gives a legal framework for resident organisations that wish to manage their homes by setting up a Tenant Management Organisation (TMO).

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It can take two to three years to set up a Tenant Management Organisation, from the initial idea to taking over responsibility for managing the area. During this time the residents group will have to make a lot of decisions and get involved in a wide range of activities. But if you or your neighbours are interested, it will not take long to find out if it is likely to work for your block or estate.

### **The story so far**

In Westminster tenants have already taken over management on 14 estates so far, covering over 3400 homes. The smallest TMO in Westminster looks after 63 homes. The largest looks after over 900 homes. Two more TMOs are developing. This will bring the total to 16 TMOs covering over 4000 homes.

### **What services can you manage?**

What you take on is up to you, the residents.

TMO's can decide to take over only a few responsibilities at first and increase them later once they are more experienced and established.

The kind of services taken on by TMOs in Westminster so far include:

- day-to-day repairs and maintenance
- cleaning and care-taking
- dealing with neighbour disputes
- allocating homes to new tenants

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- cyclical redecoration and maintenance
- collecting rents and service charges and chasing arrears
- ensuring the residents are informed and listened to
- employing staff to carry out these functions
- managing and controlling the budget for management and maintenance

To take over management, the tenants must set up a properly constituted organisation - a Tenant Management Organisation (TMO). The responsibilities of the Council and the TMO are negotiated and set out in a Management Agreement signed by the Council and the residents.

TMOs can take different forms. They all have to be incorporated, either as an Industrial and Provident Society, or a company.

They each have a committee or board (elected by members of the TMO), which oversees the management of the estate. People with specialist skills may be co-opted onto the committee or board to offer particular knowledge or experience.

#### **Tenant Management Co-operatives**

Some TMO's, and in fact most of the existing TMO's in Westminster are co-operatives. All residents in the area can be members of the co-operative and are entitled to vote at General Meetings. The Management Committee is usually made up just of residents.

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### Estate Management Boards

Other TMOs prefer more of a partnership with the Council. Here there is more emphasis on residents and Council representatives working together.

These organisations are often called Estate Management Boards. The board is made up of resident representatives, councillors, and other co-opted board members, although residents are always in the majority.

Some TMOs decide to take over most of the day-to-day management of their area, while others concentrate on particular functions.

### **Who pays?**

The TMO will negotiate an allowance from Westminster for the management and maintenance of the properties. The number of properties to be managed and the services that the TMO provides determine the size of the budget. It is based on the Council's own costs of providing the services that the TMO wish to take over.

### **History of Tenant Management Organisations**

The first Tenant Management Organisations were set up nearly 20 years

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ago after legislation changed to allow councils to hand over management of estates to Tenant Management Cooperatives.

Initially this form of management grew slowly, but in the mid 1980's, the Government introduced grants to pay for training and support.

Following a review of funding arrangements in 1988, a Government report "Tenants in the Lead" (DoE, 1989) recommended increased funding.

At the beginning of 1998 there were 148 established Tenant Management Organisations and a further 100 tenants' groups were well down the road to taking over management. In Westminster there are now 14 established TMO's covering over 3400 homes and 2 at development stage.

#### **Why are TMOs set up?**

The idea of setting up a TMO can come about in a number of ways. In some areas, the Local Authority may suggest the idea, in others residents may hear about TMOs and decide to explore the idea further. There are a wide range of reasons why councils and residents are interested in tenant management. Like many councils, we encourage tenant participation and management because we feel it is a better way to run housing services.

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### **What's in it for the residents?**

Tenant management gives residents more of a say in running their homes while still benefiting from the Council being the freeholder (still owning the property).

There is a lot of evidence, not only in Westminster, that resident management can lead to high quality services and well run estates. TMOs are able to deliver a faster repairs service with significantly reduced costs. This can, and usually does, result in savings. These savings can then be used to carry out improvements which otherwise might not have happened.

Generally where TMOs are established people are more satisfied with their homes and neighbourhood and more satisfied with the housing service. There has also been less concern about crime in the neighbourhood and an improved sense of community spirit.

### **Getting started**

The first step is to contact the **Residents' Choice Team** who will explain the process in more detail. The general stages are explained below:

#### **STAGE I: The promotion stage**

This is when you and your neighbours are first thinking about the idea. The key steps are:

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- getting information about the options for control and involvement
- finding out more about how the housing service works and what are the problems or issues in your area
- setting up a residents' organisation
- In Westminster there are already about 85 Residents' Associations, so there might already be a suitable organisation established for your area
- defining the boundary of the area you wish to manage
- adopting a constitution
- getting the support of your members
- serving a Right To Manage Notice on the Council

The Residents' Choice team can help you through this initial stage. We can also give you a list of independent agencies (known as Section 16 Agencies) which specialise in helping tenants who are interested in taking on the management of their homes.

#### **STAGE 2: The feasibility stage**

At this stage you will select all independent Section 16 agent to work with you. The Residents' Choice Team can advise you what to look for in choosing which agent you want to use, but it will be your decision. The aim of this stage is to explore whether it is going to be possible to increase tenant involvement on your estate. It doesn't just look at setting up a TMO, but at all options for more involvement whether through more involvement in decision making or even taking on ownership of the estate.

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The things that will be covered in the feasibility study include:

- assessing the demand for tenant involvement
- exploring management options
- understanding Housing management and finance
- preparing for a management role
- assessing competence
- the feasibility study
- communication
- a “test of opinion” (ballot)

If the ‘test of opinion’ results in a majority of those voting saying ‘yes’ to the idea of tenant management, and your agency reports that your organisation has the ability to succeed, you can go to the next stage

### **STAGE 3: The development stage**

The development stage is designed to bring you to the point when you can be a fully functioning TMO, in charge of an agreed range of management functions for your estate.

The main steps are:

- agreeing the TMO group’s role and responsibilities
- becoming an incorporated body (like a limited company)
- introducing the Modular Management Agreement
- deciding what management options you want to choose

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- training
- preparing to run the TMO
- negotiating the management agreement
- assessing competence
- the development report
- assessing residents' support
- setting up the TMO.

As long as you are able to satisfy us and the agency that your group has passed the tests of competence to take on management the proposal will be put to a ballot of all tenants and lessees. The majority of those entitled to vote (including a majority of secure tenants) must be in favour if the TMO is to take over management.

#### **Competence to manage**

If the residents are to take on the management of their homes it is essential that they can demonstrate to us and to their neighbour that they can do the job, and do it well. This is why they must show that they have passed the tests of competence in the areas they will manage.

The TMO competencies look at 3 things:

- whether individual members of the TMO have the skills and abilities needed
- whether the group, as a whole, has the range of abilities needed
- whether systems and procedures, which the TMO must have,

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are in place

### **What do I do now?**

All these steps may seem a bit daunting at first, but don't be put off if the idea of managing your home. Westminster City Council's Residents' Choice Team has enormous experience of working with residents in establishing tenant management. The team has already been in existence for almost seven years and has lots of useful contacts inside as well as outside Westminster. We can put you in touch with other residents who already manage their estates. They will tell you what it has meant for them and their area.

### **Funding**

The cost of the promotion, feasibility and development of TMOs is mainly met by the government's Department of the Environment, Transport and the Regions (DETR), although we will contribute 25% of the cost of the development stage.

We will also meet costs associated with the Co-op going 'live' such as the provision of office accommodation and equipment as well as recruitment costs of staff.

### **The Residents' Choice Team**

The Residents' Choice Team, which produced this booklet, is located at City Hall, 5th Floor East, 64 Victoria Street SW1. The team promotes and

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develops resident initiatives covering the whole spectrum of participation. This includes: setting up and supporting Resident Associations, Local Management Agreements, Estate Resident Boards and Tenant Management Organisations and Freehold Sales (buying the freehold of your property or block).

They can talk to you about the advantages of tenant management, and will also make it clear what commitment will be needed from residents who wish to manage their homes. They will be happy to come and see you or put you in touch with other residents who are already managing their homes in Westminster. The Residents' Choice Team has an up-to-date list of agencies which are approved by the DETR to carry out TMO promotion and development work, and can also lend you a series of guide books which tell you all you need to know about taking up your Right To Manage.

If you would like to know more about Tenant Management Organisations or any other Residents' Choice initiative please contact us on:  
FREE-PHONE 0800-731-3246