LEATHERMARKET JMB

CEO Report January 2025	
To:	JMB Board
For:	Information & noting
Date of Meeting	27th January 2025
Link to Business/Annual Plan	
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1. Summary

This report provides the Board with items of interest and some updates on key issues.

2. National, Political and Regulation

These has still been no announcement of a long-term deal for annual rent increases for housing providers. The consultation with providers continues and we have engaged with the NHF and the CIH to ensure our views are heard (it is still thought that the likely deal is to be a 5-year RPI + 1% deal). It is essential that as a self-financing TMO we receive a deal that allows headroom in our revenues for us to plan for investment in our homes appropriately over a long period.

The Government's 'once in a generation opportunity' to create a long-term plan for housing has started with consultation through the sector bodies across the whole sector. As this is a long-term plan it is probable that we will not have any detail or proposals until 2026.

On the 15th of January we were informed that the Government via the Ministry of Communities, Housing & Local Government is conducting consultation to 'capture the voice of ALMOs and TMOs.

'This call for evidence seeks to better understand the governance arrangements between Arms-length management organisations (ALMOs), Tenant management organisations (TMOs) and their "parent landlords", namely Local Authorities and Housing Associations.

The responses to the call for evidence will help the Government to understand any challenges faced by TMOs, ALMOs and social landlords, and to explore whether any changes are needed. This is part of the Government's overarching work to drive up the quality of social housing and ensure tenants receive a good service.

We have submitted a response highlighting our 'special position' as the only self-funding TMO and our need to understand

- How we deal with the longer-term investment needs of the aging housing stock managed by us.
- the long-term financial implications for the JMB in funding essential building and fire safety works,
- better and more transparent governance arrangements including the need for a refresh of MMAs,
- a view on the role non-resident leaseholders play (or want to play) in the governance on TMOs.

Locally Southwark Council had their Housing Service inspected by the RSH with an outcome of a (non-complaint) C3 rating announced in late November. The CEO met with the Strategic Director of Housing on 6th January to discuss this and other matters, full details of the discussions are noted later in this report.

As previously noted in the CEO reports, under the Building Safety Act and as the owner of the LMJMB homes, Southwark Council is the 'principal accountable person' (PAP) under the Act, responsible for completing the Building Safety Case reports for all high-risk buildings and submitting these to the Building Safety Regulator (BSR). This responsibility cannot be delegated. We have fully engaged with Southwark on this and the Building Safety cases for the JMB have been completed and submitted to the BSR. We await comments however the relationship with Southwark in this matter is challenging.

3. Sector Global Accounts

Annually the Regulator of Social Housing (RSH) publishes the sector global accounts which looks at the financial health and financial challenges of the registered providers operating in the sector. (www.gov.uk/government/publications/2024-global-accounts-of-private-registered-providers).

Although not directly relevant to the LM JMB it does highlight the final challenges to the wider social housing sector, in particular the need for investment in the existing homes. In total the HA sector invested £8.8bn (simplistically this is £4,400 per property) in their existing homes in 2023/24. This just highlights the challenges to local authorities who unlike registered providers cannot borrow against a balance sheet.

4. Meeting with the Strategic Director of Housing.

The CEO met with Hakeem Osinaike, the Strategic Director of Housing for Southwark Council, on Monday 6th January 2025.

We had an open discussion and a good meeting. It was accepted that the unique nature of LM JMB as the largest TMO within the Borough and as self-financing body gave us a particularly strong position to influence the Council's thinking.

He admitted that the C3 grading from the recent RSH inspection was 'disappointing' but probably fair. He cited Southwark's issues with data and particularly compliance as key areas for improvement.

We touched on the challenges to both the Council and the JMB. He noted a huge undersupply of social housing in the Borough, the clear problem of the costs associated with and the funding of asset investment and the general increase in operational costs across the board, which rent increases have not kept pace with. We also touched on the aging housing stock within the Borough and the 'to invest, or to regenerate' choices for the Council.

- General view of the longer term of TMOs in Southwark.

There was open (and I think) genuine support for TMOs within the Borough. He did make the point that the RSH, in their recent inspection, were concerned that Southwark were not close enough to the TMOs and were not 'sighted' on some key issues. They concluded that the governance of TMOs by the Council, needed review (he accepted a number of MMA were out of date). To address this is an action included within the Council's improvement plan, which includes a new TMO monitoring team, which is being recruited to now.

- Opportunities to work closer

There was an understanding that, the Council as the freeholder and holding the ultimate legal responsibility for building and fire safety, need to be working closely with the TMOs to understand key challenges. There will be an opportunity for LM JMB to contribute to the Council's improvement plan.

- Relationship with Southwark.

It was noted that broadly relationships are working. He noted that the Council are currently under resourced in key departments and are actively recruiting.

- Local politics.

He said the Council are relatively stable politically at the moment. There are very active groups against further development in the Borough particularly private development.

- MMA (including leasehold service charge enforcement and loans).

He accepted that the MMA needed revision (not just LM JMB's) and an update to include all current legal and compliance requirements particularly covering the roles and responsibilities under building and fire safety. I raised the need for the review to include a review of service charge enforcement and service charge loans.

- Asset investments costs for fire safety and building safety.

I'm not confident that the Council will be minded to support us on this issue by funding any major investment works. He cited self-financing and the Council's dire financial position. There is apparently no headroom to borrow from the HRA. I think the asset investment needs for the JMB will be challenging over the next few years.

- Issues with BSRA.

We spoke about the issues JMB face with the 'old' BSRA and the fact that we see them as unrepresentative. We spoke about the need to support and form a more representative TRA in the area. He was aware of the challenges and gave support to our actions. It seems that we now have a consistent position with the Council of how we manage the old BSRA.

- Joyce Newman House metering

  Without compromising our case and our current position I mentioned the need to get the responsibility for metering and charging agreed out (he suggested this is included in the workplan for the MMA).

5. Joyce Newman House Metering and Charging

The Board had a special, closed, meeting on Thursday 16th January to discuss our approach to the meeting and charging for energy use at JHN. The Board considered a paper kindly developed by Martin Green (co-opted Board member) due to his knowledge and experience in the matter. Notes of this meeting will be circulated separately.

6. IT upgrade project.

Board have previously been advised that, following a competitive process, we are partnering with Homemaster (designer software) who we have worked with previously. An internal project team has been assembled and a number of meetings held. The first major task is to migrate our current data to Homemaster for uploading onto the new systems. We will take the opportunity for a 'data cleanse' and to improve the information we hold on our residents and our properties alike. We are hoping for the data migration to be complete by the end of January and then there will be a systematic systems development process.

7. Restructure

The Board had a closed meeting on 27th November and on 20th January to discuss the proposed restructuring. Notes of the meeting will be circulated separately. The Board are considering holding an away day in February to discuss in detail.

8. Operational Matters

As reported at the last meeting, our rent collection statistics remain strong, better than the 98% collection rate target and the team are having some success reducing arrears.

The JMB suffered a major fire in a flat (11 Tyers) over the Christmas period. Fortunately, the residents we not injured, and we were able to find temporary accommodation for them. The team at LM JMB reacted well. We understand the fire and rescue service think the cause of the fire was a faulty phone charger. The costs of reinstatement will be circa £23,000 which the JMB will need to accommodate within existing budgets. The Board approved this to be funded through contingency budgets at their special meeting on 16th January.

There continue to be improvements in our void turnaround times which has reduced our void property loss, we currently have one 'major' void (due to the fire over Christmas) and one 'operational' void.

9. Model Management Agreement

Board members will be aware that the management agreement (MMA) between Southwark Council and the LMJMB has been outstanding for some time. The focus of the review will be to ensure the MMA is complaint with current law. e.g. References the parties' responsibilities in terms of the Consumer Regulation, the Building Safety Act, Fire Safety and 'Awaabs Law' on damp, mould and condensation.

We would also want the new MMA to include enforcement of service charges via the Council, the ability to make service charge loans via the Council and to review the debt repayment arrangements.

We have had now had some engagement on the MMA from the Council, they have given us a draft proposal for service charge loan administration and service charge enforcement which we are taking legal advice on. At a recent meeting the Council suggested that a 'side letter' could be developed to deal with responsibilities under the Building Safety Act.

Board should note however that due to a high level of vacancies at the council progress has been slow.

10. Stock condition surveys

As noted previously, the JMB do not have up to date stock condition information, which leaves us potentially exposed to the Regulator and less able to make informed, longer term, stock investment decisions

We employed directly engaged stock condition surveyors on fixed term contracts, from specialist technical agencies last year, and we are delivering the surveys directly. We have received very good feedback from residents that have had their surveys completed and we are collecting all the feedback.

We have completed over 500 surveys, and they are being uploaded onto our systems. We are now dealing with the homes where we have encountered non-access. The surveyors are also identifying and reporting back repairs that may be necessary. We expect to have full stock condition data by the end of the financial year.

11. National Federation of TMOs.

At the last Board meeting it was noted that the JMB have not been members of the NFTMOs for some years as the Board felt membership did not add enough value.

We have been exploring whether we should rejoin, and the CEO has met with the coordinator for the NFTMO and been informed that the NFTMOs have increased their activity. They have monthly newsletters, regional meetings, a new website and will be offering consultancy services.

The Board are asked to consider if we should rejoin.