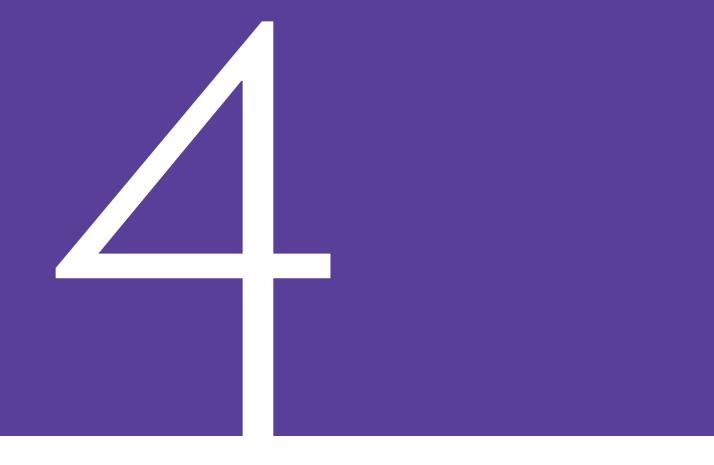# Getting Started

Guidance on start-up costs for Tenant Management Organisations

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Guidance on start-up costs for Tenant Management Organisations

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1   Introduction

This document sets out guidance on starting-up and provision for office accommodation, computer systems and other office facilities for newly-formed Tenant Management Organisations (TMOs).

This guidance is given by the Secretary of State to come into effect as guidance under regulation 7 of the Housing (Right to Manage) Regulations 1994 (S.I. 1994 No.627) on […] and the following provisions of this paragraph replace the guidance contained in paragraph 2 of the Annex to DoE Circular 6/94 (Welsh Office 21/94):

In making a determination under regulation 3(3)(a) of the Housing (Right to Manage) Regulations 1994, a local housing authority shall have regard to the guidance on start-up costs contained in sections 1 to 7 of this guidance, and to the Secretary of State's opinion that a TMO is unlikely reasonably to require office accommodation until it has appointed an approved person under regulation 4(8).

2   Starting-up

In order to become operational, a new TMO will need assistance and resources from the council. A successful ballot will be the end of the TMO's development period and, although the TMO will receive some 'post development' support from its section 16 agency in the post ballot period to it going live, the council will need to be heavily involved in this transitional stage.

There are three strands to the support and resources necessary from the council:

- **People.** The TMO will need assistance and resources from the council in terms of planning the take over of services and getting everything in place. It will need assistance and resources to recruit its staff team either by direct employment or secondment.

- **Premises.** The council will need to provide fully furnished and equipped premises for the TMO.

- **Information systems.** The TMO will need information systems – both computer and paper based – in order to function effectively. The council will need to make sure that all this is available to the TMO on the due date.

Guidance on how this is to be provided and the resources councils are expected to provide are contained in the next three sections. The final section is a checklist of key issues that need to be addressed in the run up to a TMO going live.

3 People

3.1 GENERAL SUPPORT AND ASSISTANCE

By the end of the development period there should be a fully negotiated Management Agreement with all the necessary schedules and TMO Allowances agreed. There will, however, be a time gap between the end of this stage and the TMO going live. The length of this period can vary and sometimes it can be quite long, particularly if a TMO office has to be constructed or adapted. Even though the TMO's office should be planned during the development stage, councils will often not commit the resources for construction works until after the results of the ballot.

During this transitional period, the TMO will need support and assistance from the council to prepare itself for going live. This support and assistance needs to include:

- Planning the period from end of development up to going live.

- Arranging the recruitment of the TMO's staff and assisting/supporting the TMO in the selection process.

- Detailed design issues in respect of the TMO's office.

- Specifying and ordering furniture and fittings.

- Ordering and arranging the installation of computer systems for housing management and maintenance.

- Liaising with contractors on ordering and billing.

- Arranging financial systems, including VAT registration.

- Arranging and ordering stationery.

- Arranging any necessary training on systems and procedures.

- Providing information to tenants about the take over of management by the TMO.

There will be other issues, and these are listed in the checklist in Section 7.

The council will need to provide this support and assistance directly to the TMO. At the beginning of the transitional period this should be in the form of a council officer specifically nominated to work with the TMO on these transitional issues. The council will need to make sure that the officer has time properly allocated for these duties.

Up to four months before the agreed start date, the TMO should have its own manager in place and that manager should be responsible directly to the TMO for finalising the arrangements and ensuring the smooth take over of functions under the terms of the Management Agreement. Size and start up date of the TMO will have an effect on the date of this appointment. A particularly important task would be the manager working with the TMO in recruiting the staff team. The council should make available the necessary financial resources to the TMO so that it can employ its manager in advance of receiving its allowances.

3.2   RECRUITING STAFF

Where the TMO will be employing directly, the council should provide resources for the TMO to advertise for staff. The cost of this should be in line with the council's own recruitment. Where the TMO will be working with seconded staff in accordance with the secondment guidelines for TMOs, then the council should assist the TMO in advertising posts internally.

The council should provide the TMO with any necessary personnel advice and assistance in the process of recruitment and selection. This includes personnel staff helping to assess candidates and being present at interviews.

3.3   TRAINING AND INDUCTION

The TMO will want to ensure that it employs skilled and experienced staff. However, there will be some training where the assistance and support of the council will be necessary.

Where the TMO is planning to use the council's own computer systems for management, maintenance or finance, then the TMO's staff will need to be trained on how to use it. The TMO will need to know about how the council maintains its tenancy and property records, particularly if they are to be taken over by the TMO.

Finally TMO staff will need to be introduced to other housing teams within the council and inducted on issues such as passing information and files.

The council will need to make sure that there is an officer to lead on and co-ordinate all these issues.

4 Premises

4.1 TRANSITIONAL PREMISES

During the TMO's feasibility and development stages, the council will have provided the TMO with office premises and 75% of the running costs of these will have been met by section 16 Tenant Empowerment Grant from the ODPM. The transitional period between the end of the development stage and the TMO start date can sometimes be quite lengthy, but the TMO will still need somewhere to meet and co-ordinate its activities during this period. The council will, therefore need to continue to meet the running costs of the TMO's transitional premises up to the date when its own office premises are available.

4.2 OFFICE PREMISES

The council has to provide suitable local office premises to the TMO so that it can effectively carry out its functions and provide a quality service to tenants and leaseholders.

The design and capacity of these premises will depend on the number of staff to be accommodated and the functions to be taken on by the TMO. Nevertheless, the following minimum standards should be adhered to:

Reception	• Adequate space to deal with the likely number of customers at any one time. • Space for comfortable seating in waiting area. • Customers should be able to deal with their enquiry without being overheard by other customers ('privacy zone'). • Reception desk with adequate space and facilities for taking likely number of rent payment transactions and repair requests.
Interview room(s)	• Separate interview room(s) for confidential discussions with clients. The number of interview rooms will depend on the likely number of customers needing to be interviewed at any one time. For busy offices managing 2000+ properties, 2 interview rooms are likely to be necessary.
General office	• This should be large enough to accommodate projected number of staff, together with computer terminals, and filing systems. The office should be physically separated from other parts of the premises so that customer details can be kept confidential.
Committee room	• Adequate size for the number of committee members plus staff support to the committee.
WCs	• Should include facilities for disabled people.
Kitchen/relaxation area	• There should be space for staff and committee members to prepare food and relax away from the main office during break times.

Space standards should be equivalent to the council's own standards when providing similar facilities for the first time.

It may be the case that there is an existing local office dedicated to the area being managed by the TMO. In this situation, unless the office is demonstrably substandard in terms of space and health and safety, the TMO can only reasonably expect to take over the office as it stands.

There is nothing stopping TMOs and councils negotiating premises in excess of these standards.

4.3   FURNITURE AND FITTINGS

The council should provide the following:

- desks/chairs/storage appropriate to the number of staff or working volunteers;

- filing cabinets or other storage – including secure storage for confidential records;

- table and chairs for committee meetings and/or additional workspace;

- initial stock of minor office supplies;

- photocopier;

- telephones appropriate to number of staff plus appropriate system – to include answerphone/fax/e-mail facilities;

- fire extinguishers, fire and smoke alarms/building and staff security systems.

Where cash is collected at the office there should be the appropriate security facilities for the collection and storage of cash.

5   Information and Information Systems

5.1   HOUSING MANAGEMENT AND MAINTENANCE

The TMO will need housing management and maintenance information systems – this would usually be an integrated system. It has two options: it can either set up its own stand alone system or use the council's system.

Where the TMO opts to have its own stand alone system, then the council should make available resources to purchase this together with the required hardware. All necessary property/tenancy information should be transferred to this system before the TMO goes live.

Where the TMO uses the council's system, then the council should provide an adequate number of terminals together with the necessary connections to the new premises.

There will also be tenancy and property paper files. These will need to be transferred to the TMO before it goes live.

5.2   TMO'S SYSTEMS

The TMO will also need its own system for day to day office use such as word processing, spreadsheets, payroll and keeping accounts. The council should provide a start-up for a PC-based system together with sufficient number of PCs and local area network. This provision should be equivalent to that of the council.

6   Finding the Resources

Providing the necessary financial resources for these start-up costs will need to be found from a council's cash-limited programme. The council will need to plan at an early stage and make sure that it is a priority within their programmes. It needs to be remembered that the provision of office accommodation and facilities reasonably required by the TMO is a legal requirement under regulation 3 of the Housing (Right to Manage) Regulations 1994 and should take priority.

The council may also want to explore other possible sources of funding, where such funding may be available to support, for example, the formation of a TMO which is serving a wider regeneration purpose and which may have priority for such funding.

7 Checklist

The following is a checklist of issues that will need to be covered in the transitional period between the TMO ballot and the start date. This checklist needs to be referred to at the beginning of the transitional period and relevant action and target dates agreed by the TMO and the Council. It then needs to be monitored on a regular basis (say monthly) by both the TMO and the council and targets updated and completed activities checked off.

7.1 PEOPLE

> **By the end of the Development Stage (ballot), the TMO should be in the following position:**
>
> - Decided whether to employ directly or second.
>
> - If secondment is the chosen option, there will be a secondment agreement negotiated with the council.
>
> - Have an agreed structure, including number of posts, job descriptions and salary scales, for its proposed staff team.
>
> - Agreed a budget with the council for filling of posts prior to the start up dates.

Activity	Done	To be done	Not relevant	Target date/action *(to be filled in by TMO and Council)*
Council officer nominated to provide support and assistance to the TMO during transitional period				
TMO manager post advertised				
TMO manager post filled				
Other TMO staff posts advertised				
Other TMO staff posts filled				
Training of staff on council systems and procedures				
Induction of staff including visits to other council housing teams				

7.2 PREMISES

By the end of the Development Stage (ballot), the TMO should be in the following position:

- Agreed with the council the location, outline design and layout of its office premises.

- Obtained outline planning permission for its office premises

- Agreed with the council outline requirements for furniture and fittings

- Agreed with the council budgetary and programme provision for its office premises and furniture and fittings.

Activity	Done	To be done	Not relevant	Target date/action *(to be filled in by TMO and Council)*
Preparation of detailed design, working drawings and specification				
Full planning permission				
Building work tendered				
Building work on site				
Building work complete				
Furniture specified				
Furniture ordered				
Telephone system specified				
Telephone system ordered				
Service supplies arranged				
Office ready to move into				

7.3   INFORMATION, SYSTEMS AND PROCEDURES

By the end of the Development Stage (ballot), the TMO should be in the following position:

- Have a fully agreed Management Agreement with schedules.
- Have the Allowances agreed.
- Have incorporated status.
- Have a bank account.
- Decided whether to let its own repairs contracts or administer existing council contracts.
- Decided what information systems it needs and specified those systems.
- Decided whether to use its own stand alone or networked council systems.
- Agreed with the council start up allowances for information systems.

Activity	Done	To be done	Not relevant	Target date/action *(to be filled in by TMO and Council)*
Order stand alone IT systems				
Arrange installation of council IT systems and agree number of terminals				
Agree paper files to be transferred to TMO office				
Prepare specification and schedules for new repairs contracts				
Tender for new repairs contracts				
Let new repairs contracts				
Advise existing repairs contractors that work will not be ordered for TMO properties from start date				
Advise existing repairs contractors that TMO will be placing orders and handling invoices from start date				
Order TMO stationery				
Provide relevant Council forms to TMO (e.g. housing application forms)				

Activity	Done	To be done	Not relevant	Target date/action *(to be filled in by TMO and Council)*
Register for VAT				
Inform all housing offices of new TMO and ensure that procedures are in place for transfer of relevant information to and from the TMO				
Advise tenants in TMO area of start date and new arrangements				
Advise councillors of start date and new arrangements				
Advise all council departments of start date and new arrangements				

The complete Tenant Management Organisation boxed pack is available, priced **£40**, ISBN 1-85112-800-X.