



Taking charge

Local Management Agreement toolkit



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Taking charge

Local Management Agreement toolkit



Local Management Agreements enable council and housing association residents to take charge of local housing services.

This toolkit gives you everything you need to agree and set up a Local Management Agreement for your area.

It's also a guide for Council staff to help you, and a model for housing associations to use.

In the toolkit, **'the Council'** refers to any local housing authority or registered housing provider that adopts the Taking Charge approach.

If you are a housing association resident, this toolkit also applies to you, but the arrangements are slightly different. These differences are highlighted in the toolkit in this green text.

'You' refers to residents setting up and running a Local Management Agreement.

The Taking Charge Toolkit was produced by CityWest Homes as an Innovation Into Action project supported by the Department for Communities and Local Government and the Chartered Institute of Housing.

What's involved

Local Management Agreements - a fresh approach

what's
involved

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LOCAL MANAGEMENT AGREEMENTS tackle a familiar challenge – how to make areas safe, pleasant places to live, with local services that really work and match people's needs. They're a direct way for people to take charge of parts of the local housing service, which complements the more formal options available under The Right to Manage. See '**Is it right for you?**'

A Local Management Agreement is:

- **An agreement between the Council and residents of an area to manage local housing services on its behalf**
- **A direct way for residents to have real control over local services**

- **A flexible model that can be adapted for different services, in different settings**
- **A fair, legal and effective way of running services, in line with wider Government policies encouraging Localism and The Big Society.**

Example: you and your neighbours want to take over the gardening, caretaking and cleaning services for your estate. Under a Local Management Agreement, the Council may pay you to either do the work yourselves, or employ someone else to do it.

Local Management Agreements can be a stepping-stone to other types of resident control (for example, a Tenant Management Organisation or housing stock transfer).

Local Management Agreements are one of the options for greater residents' choice and control promoted through the Government's 'Residents Choice' guidance. See www.communities.gov.uk

How Local Management Agreements work

Local Management Agreements give residents control and flexibility over:

- **What services are provided to an area**
- **Who provides them and how**
- **How services are paid for, and what happens to any surpluses or losses.**

Residents can choose to provide a service themselves as a group, choose one or more suitable people from the area to do it, or engage a contractor or supplier. Whatever you choose, the key is to be really clear about what you're doing, why and how. This way, it's easy to see if the Agreement works or not, and to put proper checks and controls in place to deal with any problems. These details are all set out in the Local Management Agreement between residents and the Council.

Which services?

Local Management Agreements are designed for relatively small scale housing services, for example:

- **Cleaning of communal areas and window cleaning**
- **Caretaking**

- **Communal gardening and grounds maintenance**
- **Minor repairs.**

But they can also be used for other services like:

- **Recycling**
- **Security.**

Thinking it through

When the Council negotiates an agreement, it should look carefully to see how this might affect other Council services and activities. The Council should check and agree things with all the relevant departments and other agencies.

It's up to you

Local Management Agreements are entirely voluntary. There is no requirement for a council to set up an agreement, and residents should make sure it's the right option for their area. See '**Is it right for you?**'

Registered housing providers are though expected to develop 'local offers' in response to residents' demands. So having a local management agreement could form part of a social landlord's local offers.

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involved

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Who can do it

Anyone

who can
do it

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LOCAL MANAGEMENT AGREEMENTS are all about flexibility. Anyone who lives in a home or area owned by the Council can take part - whether they are a tenant, leaseholder or freeholder.

Where an area has an organised tenants' association, or other residents' group, this may be the best starting point to negotiate and set up a Local Management Agreement. But the Council should also work with residents more informally and with other bodies (for example, wider community groups, parents' groups, sports and other clubs or societies).

If there is an established residents' group, but the interest in a Local Management Agreement comes from another group of people, the Council should help to communicate, consult and broker the agreement, to make

sure everyone is aware of and understands what it involves.

Whoever is involved, the Local Management Agreement is there to guide how things run on the ground.

Getting the go-ahead

To set up and run a Local Management Agreement, you need to get agreement and go-ahead from:

- Local residents in the area
- The Council.

Councils also need to get approval from the Social Housing Regulator.

No approval is needed for housing associations as they are private sector bodies.

Different types of agreements

The simplest kind of Local Management Agreement is two-way - between residents and the Council. This can be used to set standards, monitor and agree payment for most straightforward services.

In some cases though (for example, where there is an Arm's Length Management Organisation, or where residents want to work in partnership with a particular supplier, or there is joint control or ownership of a local facility) you may need a three (or more) party agreement or set of agreements. These are more complex, and can raise VAT and other legal issues. But they are still possible.

Being up to the job

Taking over services can be difficult - even the simplest tasks are surprisingly complicated and hard to get right. So, before you take charge of any services under a Local Management Agreement, you will have to demonstrate (both to yourselves and the Council) that you've got what it takes. This means having the right mix of attitudes, knowledge, skills and other resources to run services successfully - both as individuals, and as a group.

The core skills and qualities you need to demonstrate are:

- **Commitment to residents and the local community**
- **Willingness and ability to work openly and cooperatively with**

residents, the Council and other organisations

- **Willingness and ability to work as a team, establishing and maintaining good working relationships**
- **Ability to understand, manage and control budgets and finances**
- **Ability to specify, negotiate and manage contracts and agreements**
- **Ability to plan, organise and review projects and activities**
- **Ability to assess and manage health and safety risks**
- **Ability to identify your training needs, and undertake and evaluate learning**
- **Ability to conduct effective meetings,**

and communicate clearly, in writing and orally.

The member of staff who the Council appoints to work with you can help you decide when you meet these competencies, and are ready to take over services. The standard you need to meet will obviously depend on the scope and demands of the service you're taking on. The Council should help you to arrange any training and support you need to meet the competencies.

Being organised

Whoever suggests and does the early work to establish a Local Management Agreement, most situations will require residents to form a simple unincorporated association or community interest company to run local services. See **'Who's in charge'**

who can
do it

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Why do it

Making things better

why do it

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THERE'S REALLY ONLY one reason to use a Local Management Agreement - to improve things. If the Agreement doesn't improve the range or quality of local services, or give people more control over them, what's the point in having it?

Example: you and your neighbours may think you can provide the cleaning service more cheaply than the Council, or provide a better service for the same price. Or you may want to remove or scale down a service and use the savings to do something else.

Local Management Agreements can have other benefits too:

- **Keeping it local - enabling residents to bring their own, on-the-spot awareness to how a job is done, or use a particular small-scale provider to do it.**
- **Value for money - helping residents to see exactly what they're getting in return for their rents and service charges. Local Management Agreements can help the Council to target its resources better.**
- **New possibilities - negotiating and running a Local Management Agreement brings people together, and might persuade them to co-operate on other things that benefit the community (for example, social events or local trading and exchange schemes). A successful Local Management Agreement might also act as the springboard for moving to higher levels of resident control in the future (for example, a Tenant Management Organisation).**

Changing services

Local Management Agreements allow residents to rethink what goes on in an estate or area. If you decide you want different or extra services to those that the Council has provided in the past, then you can make this happen, subject to:

- **Formally consulting with all residents**
- **Setting up a suitable unincorporated association or community interest company to run things**
- **Agreeing with the Council how to raise and use the money needed to pay for the changes.**

Incentives and rewards

To encourage local people to take control of the services they use, Local Management Agreements may include incentives and rewards, negotiated to suit each situation. For example:

- **'Dowries' or set-up costs paid up-front, to offset the early effort and investment needed for a Local Management Agreement.**
- **Performance bonuses to reward groups and communities that achieve sustained success and improvement.**
- **Payment in advance to meet local needs (for example, the planting season for gardening agreements).**

- **Annual awards (for example, *Best Innovation, Best Contractor* and *Most Improved Service*).**
- **Open, flexible negotiation on incentives and how surpluses are used.**

But incentives aren't all one-way. For the Council, Local Management Agreements can:

- **Create long term administrative and service savings, which can either be used for other services or passed on as reduced charges.**
- **Encourage residents to get involved in, or take over, other parts of the housing service.**
- **Attract charitable funds to the area (for example, lottery or trust funds for environmental projects), which can lever in further money and resources.**

Contractors can benefit too through:

- **Avoiding time-consuming and costly formal tendering procedures.**
- **Working with highly informed clients, who are clear about their requirements and standards. This helps to drive up and maintain quality.**
- **The chance to develop new services and approaches (for example, using 'greener' materials and working practices).**
- **Positive local and national publicity.**
- **Training to increase local skills and employment.**

why do it

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Is it right for you?

Guidelines for Local Management Agreements

is it right
for you?

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LOCAL MANAGEMENT AGREEMENTS are designed to help residents take over housing services, like:

- **Caretaking, cleaning and window cleaning**
- **Communal gardening and grounds maintenance**
- **Minor repairs.**

Local Management Agreements normally cover just one or two of these services. The Council may consider setting up agreements for other services, but these can become more complex.

Local Management Agreements can only be used for services where the total contract value is less than the European Union competition regulations threshold (around £160,000). This may change from time

to time. See www.bis.gov.uk for details of the latest threshold.

Local Management Agreements are particularly suited to:

- **Services used by all local residents, or a significant majority of them**
- **Situations where residents believe they can provide the same or a better standard of service at a lower cost**
- **Cases where there are particular issues or circumstances that affect the local service, compared to other estates or areas.**

A Local Management Agreement may not be the right thing for you. There may not be enough support for the idea, or it may not be economic or practical for you to take charge. You should only take control of services if:

- ✓ **A majority of people in the area understand and support the change (or at least don't actively oppose it)**
- ✓ **You can deliver the service to at least the same standard as the Council does now, and keep on doing this**
- ✓ **There is a clear benefit to taking responsibility - hopefully to residents, the community and the Council**
- ✓ **The proposed service falls within the recommended scope and cost limits.**

The Council has a legal duty to consult residents about this sort of change under Section 105 of The Housing Act 1985.

Assured Tenants and leaseholders of housing associations have a contractual right to be consulted under the terms of their tenancy or lease agreement.

The Council will help you to test these points, and suggest alternatives if a Local Management Agreement is not the best option.

Questions for everyone

Residents, the Council and anyone else involved in a Local Management Agreement should all think about and be sure that it is the best way to deliver local services. The key questions to ask and answer are:

FOR RESIDENTS

- Why do we want a Local Management Agreement?
- How will it benefit residents?
- How much support is there for the idea?
- How can we test support, both now and in the future?
- What are the risks?
- What are the alternatives?
- Are we willing to work together and form a new body to run the Agreement?

FOR THE COUNCIL

- Can we legally devolve responsibility for the service?
- What savings will the Agreement create?
- How much will it cost to develop and run the Agreement - have we got the resources to support this properly?
- How can we monitor standards under the Agreement?
- What are the knock-on effects for other Council services and other agencies?
- How will the Agreement be affected by any changes in the Council (for example, housing stock transfer)?
- What are the risks?
- What are the alternatives?

FOR OTHERS

- Why should we be involved in the Local Management Agreement?
- What are the benefits?
- What are the risks?
- What are the alternatives?
- Who else do we need to ask or involve?

Alternatives

Depending on local circumstances, a different approach may be better. For example:

- Keep things as they are (for example, the Council continues to provide the service, but with clearer, written standards and monitoring, so that residents know exactly what to expect and what they're paying for)
- Tenant Management Organisation (for example, where there is a well-organised residents' group and widespread demand from local people to take over a fuller range of services. This is a more formal approach to resident control, using the statutory Right to Manage for council tenants).
- Stock transfer (for example, where residents want to break the link completely with the Council, or be owned and managed by another organisation - perhaps a more specialist provider).
- Consult with residents about what they want, and seek to provide this as a local offer.

Housing association tenants do not have a statutory right to manage, but associations may still allow tenants to take control.

is it right
for you?

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Making it happen

- ten steps to success

making it happen

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TO SET UP a Local Management Agreement for your area, you need to:

- 1 Identify a reason for doing it and the likely benefits it will bring.**
- 2 Contact the Council, who can appoint a member of staff to advise and help you.**
- 3 Draw up an outline plan and send it to the Council. The Council should look at your ideas and give you comments and any information you need.**
- 4 Work with the Council to test support for the idea in your area, and assess the skills and resources you have to do the job. The Council can advertise to see if anyone else is interested in taking over the service.**
- 5 If your neighbours support the idea, work with the Council to draw up and agree a more detailed plan for the service you want to provide.**
- 6 Get prices and details from contractors or suppliers if you want to use them, or work out how you and other residents will provide the service. Organise any training or other help you need to be ready and able to take over the service.**
- 7 At the time of writing, 'Section 27' approval is required, but you are advised to check the position when you are thinking of entering into an agreement.**
- 8 Draw up, agree and sign the Local Management Agreement with the Council, and create a formal body (for example, an unincorporated association or community interest company) to run the service.**
- 9 Take control, and monitor and report on the service as agreed in the Local Management Agreement.**
- 10 Review the success of the service each year, and change/renew the Local Management Agreement as necessary.**

See '**What you need**' for guidance, examples and lots of other useful stuff to help you through these ten steps.

Finance

IT'S VITAL TO understand and keep control of the financial side of things - this may be your main reason for having a Local Management Agreement in the first place!

The Council will be able to tell you how much it currently spends on the service, and what it can pay you to take charge. The Council should help you draw up and monitor a budget. See '**Money**' and '**Budget and Accounts**'

The Local Management Agreement should set out what happens to any surpluses (profits) or deficits (losses) that you make after taking control.

Example: you and your neighbours form an unincorporated association to take over the communal gardening service for your estate under a Local Management Agreement. By using a good local contractor, you save £1500 in the first year. As a group, you agree to:

- **put £500 in the association's current bank account**
- **invest £250 in a new, high interest bank account for the association**
- **spend £750 on new paving and flower beds to improve a neglected part of the estate.**

Or if things don't go so well:

Example: running the same gardening contract, you overspend by £600 because of exceptional weather. As a group, you decide to keep the charge to residents for the coming year the same, but recover the loss by not spending any money on new shrubs and turf as you had planned.

finance

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Other important stuff

other
important
stuff
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Insurance

You may need to take out insurance (for example, public liability, employer's liability and contents). The Council should tell you what you need, whether its policies cover it, and/or how to arrange cover. See '[Insurance](#)'

Data Protection

You may need to collect and hold personal information about residents as part of your work under a Local Management Agreement (for example, people's names, addresses, and household details).

If so, you need to check if this creates any responsibilities for you under the Data Protection Act 1998. The Council should offer advice on this and help to arrange any necessary registration, training or support.

Equalities

When you take control of local services, you must do this fairly, so that no one is disadvantaged and people's differences are properly catered for. See '[Equalities](#)'

Example: you negotiate an agreement to run a local tenants' resource centre. To encourage everyone to use it, you apply for a grant to improve access and toilet facilities for people with limited mobility, and put up signs in local community languages.

Health and safety

Whether you provide services directly yourself or pay a contractor to do it, you will have to assess and manage the health and safety risks involved. The Council should advise you on how to do this and about the relevant legal standards and requirements. See '[Health and safety](#)'

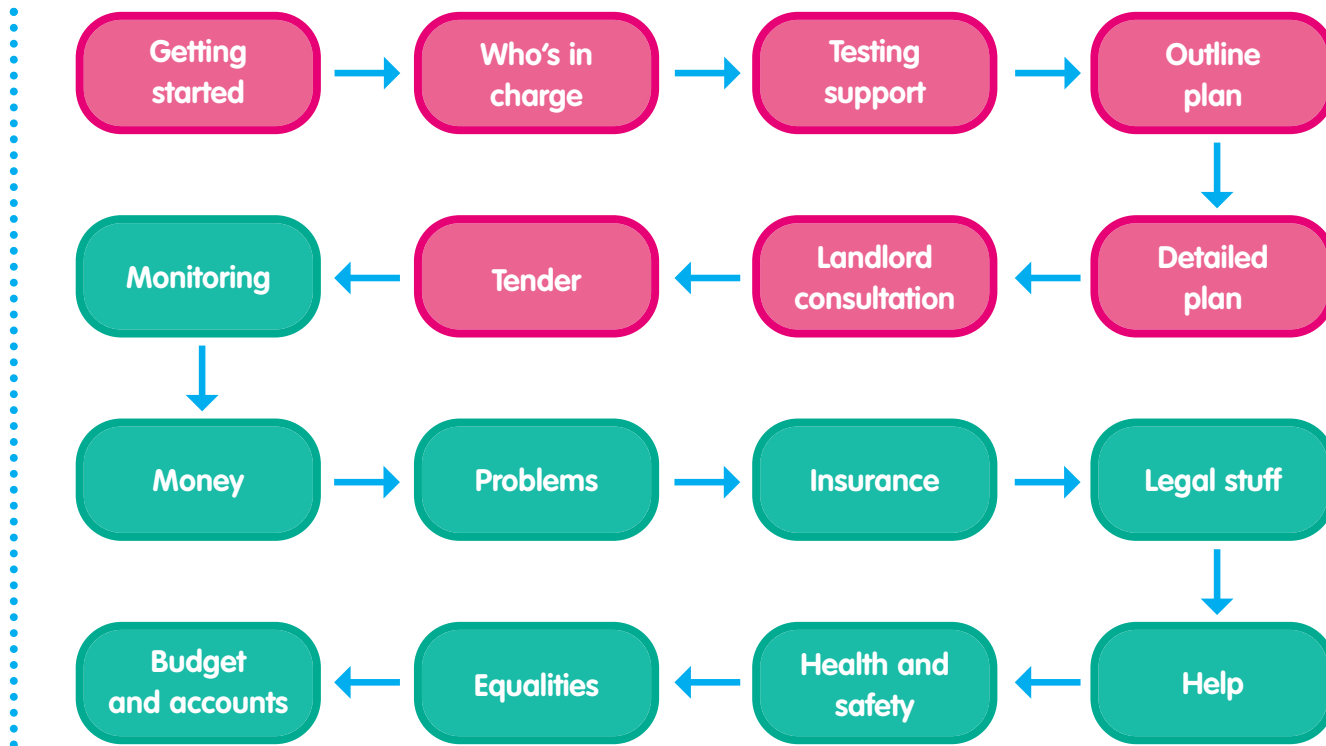
Example: you take over the communal cleaning service for your estate. You have to carry out risk assessments on the cleaning materials you use, and get training on how to use them safely.

What you need

These resources guide you through the steps to plan, agree and run your Local Management Agreement.

setting up the agreement

running the agreement



what you need
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What you need

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Getting started

Core statement

For residents thinking about a Local Management Agreement, the first step is to be clear about what you want to achieve and why. Fill in the boxes on the right hand side of this grid to come up with a 'core statement' that you can use in your initial approach to the Council and to test support with other residents.

Who is suggesting the Local Management Agreement?	
What area will it cover?	
What service(s) will it cover?	
Why do you want a Local Management Agreement?	
How will the Local Management Agreement benefit residents and the area?	

Involving others

Think about who else needs to be involved in, or know about the proposed Local Management Agreement. Local residents and the Council are obvious, but don't forget:

- **The local residents' group (if there is one, and especially if it's not this group suggesting the Local Management Agreement)**
- **The local tenants' and residents' federation (if there is one)**
- **Neighbouring estates, landowners and occupiers**
- **Local shops and other service providers in the area**
- **Potential contractors, providers and suppliers**
- **Local Police and Community Support Officers**
- **Other local community groups (for example, parents' and older people's groups).**

It pays to contact people early and explain your ideas fully - they may be able to help or suggest improvements.



Local Management Agreements are all about taking control and responsibility for local services - and this means understanding and accepting the risks and liabilities involved too.

To protect individuals and groups, most Local Management Agreements will require residents to form at least a simple unincorporated association or community interest company to provide the services. For very small, low value or one-off agreements, an existing residents' group's constitution and rules may provide adequate protection - but only if the group's objects and powers clearly cover the tasks involved.

There are other ways to establish a responsible body for services under a Local Management Agreement (for example, a limited company or partnership). These may involve more administration than an unincorporated association or community interest company, but can also offer more protection against legal liability. Becoming directors of a limited company will involve some residents having to register with Companies House and complete annual company returns. However, their legal liability is then limited to their share in the company, which can be as little as one pound. See www.companieshouse.gov.uk

Residents should weigh up the pros and cons of the different forms of body suitable for running a Local Management Agreement very carefully, and take advice from both the Council and a lawyer or accountant if necessary.

A Council can't just hand over its responsibilities to anyone. At the time of writing, 'Section 27' approval is required from the Social Housing Regulator. You are advised to check the position when you are thinking of entering into an agreement. This is another reason why it's usually necessary to form a special body to take charge of the Agreement. See '[Legal Stuff](#)'

Unincorporated, non-charitable associations

These are rather long and complicated words to describe something very simple - local residents joining together to form a body to run a Local Management Agreement. An unincorporated association should be based on a short, written agreement, which gives local residents the authority to run services in the area, under the direction of a number of volunteer trustees (ideally, a manageable number such as two to five).

Everyone living in an area covered by a Local Management Agreement is entitled to be a member of this association. Residents should be invited to confirm their membership by completing a simple application form, in which they acknowledge and agree to observe the association's rules. The Secretary of the unincorporated association is responsible for maintaining these membership records. Residents who choose not to confirm their membership can still receive all the benefits of the Local Management Agreement, but are not able to vote at the association's meetings.

Where an established residents' group proposes the Local Management Agreement, and is willing to operate it, the group's existing Committee Officers could become the trustees. Where there isn't an existing local group, or if you want to open up this role to others, you can organise some nominations or elections to choose the trustees. See '[Model Rules](#)'

Depending on the circumstances, residents can become trustees simply by volunteering (self-nomination), or (if there are more people willing to fulfill the role than places available), a ballot of the association's members. The association should choose the most appropriate method of appointing trustees in consultation with the Council.

All ordinary members of the association should be invited to vote in any ballot to appoint trustees, with the winner(s) being decided on a simple majority of votes cast. In the event of a tied vote, a further ballot must be held until a decision is reached.

The key attraction of this form of body is that it is simple to set up, doesn't require any external reporting or registration (like a limited company does), and is accountable solely to its members. But it's vital to have some form of written agreement to govern who does what, and protect people's interests. See '[Model Agreement](#)'

Community interest companies

Community interest companies (CICs) are limited companies created for the use of people who want to run a business or other activity for community benefit. To create a CIC, you will need to pass a 'community interest test' and have an 'asset lock' to ensure that the assets and profits are kept for community purposes. CICs are registered with the Regulator of CICs (see www.cicregulator.gov.uk).

Liabilities and risks

Nothing in life is without risk - and Local Management Agreements are no exception. Things can, and will, occasionally go wrong - sometimes for reasons completely beyond anyone's control (for example, severe weather ruining plants and gardens). Although it's rare and unfortunate, people can also behave dishonestly or negligently, and this too can expose those running agreements to legal liability.

Residents who take on a local management agreement have a choice about how they handle these risks and liabilities. They can:

- **Take out insurance against key risks (for example, choosing an unreliable contractor, who does a very bad job, which requires compensation and refunds to local residents) See '[Insurance](#)'**

Or

- **Seek an indemnity or guarantee from the Council to remove or limit their individual, personal liability.**

In the last case, the Council would have to decide whether it is legal and reasonable to offer this indemnity.

For some agreements, it may be possible to use a mix of these options to reach a balanced approach to the risks involved.

Keeping it simple

Local Management Agreements should be easy to understand and use - so the rules for unincorporated associations and community interest companies have to be this way too.

The document should set out:

- **The association's/company's objects (what it exists to do, and what powers it has)**
- **The association's/company's membership and trustees**
- **How trustees/directors are nominated, appointed and replaced**
- **Arrangements for running the association/company**
- **Links with the Local Management Agreement**
- **Arrangements for changing and winding up the association/company**

See '[Model Rules](#)'

who's in
charge

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Testing support

A Local Management Agreement will only work if most of the people who live in an area actively support it. So, before you get into the detailed planning to set up an agreement, you need to test local support for the idea.

You can do this either before the Council's formal consultation (to decide whether it's worth pursuing the idea of a Local Management Agreement) or at the same time. See '[Landlord consultation](#)'

How to do it

There are lots of different ways of gathering views and feedback from local residents. The key is to offer a variety of methods to suit people's circumstances, and use the mix of methods that is most likely to get a response. Possible methods include:

Meetings An old technique, but still a good way to get people together and air their views. You may need to offer people an incentive to come to a meeting (at least some refreshments!), or ask someone independent to set up and run it.

Letters Another traditional method, but a good way of making sure everyone gets the same message at the same time. Include a feedback sheet for people to respond, and a pre-paid envelope if you can (or offer to collect their forms). You can adapt the letter the Council uses. See '[Consultation letter](#)'

Make sure you take local languages into account when you communicate with neighbours in writing.

Surveys and questionnaires Useful for getting to people who can't or won't come to meetings. You can do surveys by post, over the phone, by email/Internet or door-to-door.

Suggestion boxes/walls Instead of asking prepared questions, you can give people freedom to make suggestions and express their own ideas. A simple box with slips of paper or a blank wall and postcards/Post-its can generate lots of useful ideas - particularly if it's combined with a meeting or focus group. This also allows people to give their views more anonymously.

Using technology Depending on what resources you've got, you may be able to use telephone conferencing, mobile phone text messaging or social networks to get people's views.

Who else to ask

Don't just think about residents - there may be other people you should tell and ask about the proposed Local Management Agreement. See '[Getting started](#)'

What to ask

Whatever methods you use, you're basically after the same kind of information. See '[Model Questions](#)'

The answers to these questions will help you work out how you want to provide the service and run the Local Management Agreement. See '[Getting started](#)', '[Why do it](#)', '[Outline plan](#)' and '[Detailed plan](#)'

testing
support

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Outline plan

In the early stages of setting up a Local Management Agreement, you need a simple, outline plan to tell everyone broadly what is proposed. A typical outline plan might have the following headings:

Title (for example: 'Local Management Agreement proposal for the communal gardening service at Anywhere Estate, Anytown')

Summary One or two sentences to say what the proposal is and who is making it (for example, the Anywhere Estate Residents' Association). Base this on the core statement from '**Getting started**'

Location Description (and perhaps a sketch plan) of where the Local Management Agreement will apply, and the numbers of homes affected.

Scope What the service will cover in broad terms, for example:

- **Grass cutting and lawn care**
- **Weeding and clearing flower beds and other planted areas**
- **Trimming shrubs**
- **Sweeping and clearing paths and car parking bays.**

Control Who will do the work (for example, Anytown Gardens Ltd) and who will monitor and supervise the work (for example, the Anywhere Estate Residents' Association or a new, unincorporated association or community interest company set up especially for this purpose). See '**Monitoring**' and '**Who's in charge**'

Reasons Why the Local Management Agreement is being proposed (for example, to reduce the service charge for residents and improve standards of garden maintenance). See '**Getting started**' and '**Why do it**'

Benefits How the Local Management Agreement will benefit local residents and the area. See '**Why do it**'

Cost An estimate of how much the service will cost to provide, broken down into main headings if possible (for example, labour, equipment and materials and VAT if appropriate). Under a Local Management Agreement, costs are met by the Council's payments to residents or the unincorporated association or community interest company set up to manage the service. See '**Money**'

Monitoring How standards will be monitored and reported (for example, by a quarterly written cost and performance report to the Anytown Residents' Association and the Council). See '**Monitoring**'

Support What special help or advice you'll need to set up and run the Local Management Agreement (for example, health and safety training for the residents' association and contractor, or new scale plans of the estate to clarify exactly which areas are covered and help the contractor work out their price). See '**Help**'

outline
plan

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Detailed plan

This is where you pin down the details of exactly who is going to do what and how. The detailed plan is a specification of the service(s) to be provided under the Local Management Agreement. It's also the main point of reference for monitoring and resolving any disputes or problems.

The detailed plan expands the 'Scope', 'Control' and 'Monitoring' sections of your earlier outline plan (see '[Outline plan](#)'). It is an important appendix to the Local Management Agreement. See '[Model agreement](#)'

Involving people

Don't just use a plan from another estate/agreement, or make it up off the top of your head. Involve the residents who pay for the service and whoever will be doing the work (residents or contractors) in drawing up the detailed plan. This way, you stand a better chance of everybody getting what they want.

You can involve people via a simple questionnaire, a meeting, suggestion box or a telephone or email survey, or at a social event (for example, a summer fête or estate tidy-up).

Be clear and precise

To avoid any confusion and arguments later on, express the standards you want as clearly and specifically as you can, now. For example, instead of:

"Clean the staircases twice a week"

Put:

"Keep the communal staircases in X, Y and Z Houses in a clean, safe condition by visiting on Tuesday and Thursday mornings each week to:

- **Mop the vinyl floor with a suitable detergent on the first visit each week**
- **Sweep the vinyl floor on the second visit each week**
- **Wipe the painted walls with a cloth and suitable detergent every two weeks**
- **Dust and polish the stair banister rail and spindles every four weeks**
- **Clear cobwebs and dirt from light fittings and the ceiling every eight weeks**
- **Obtain a signature from a resident in one of the Houses on the second visit each week to confirm the work has been done satisfactorily.**

This requires the person or contractor doing the work to:

- **Do the work at regular times**
- **Plan ahead to do particular tasks at set intervals**
- **Use the right equipment and materials**

detailed
plan

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Landlord consultation

- **Involve residents in checking and signing off the completed work.**

Measuring, monitoring and tendering

A good detailed plan provides the basis for the regular reporting and monitoring you need to make sure the Local Management Agreement is working properly. The standards and specifications you set here should suggest what targets and measures you will use to judge success. See '[Monitoring](#)'

You can also use the detailed plan to get competitive quotes from different contractors and suppliers. Because it's clear and precise, you can be sure that different providers have priced on the same basis. You can then compare estimates and quotes to assess value for money. See '[Tender](#)'

This is a crucial stage in setting up a Local Management Agreement, and only the Council can do it. This is a legal requirement under Section 105 of the Housing Act 1985. The Council must consult residents on any changes to the housing management service that will materially affect them. The Social Housing Regulator's Tenant Involvement and Empowerment Standard also requires consultation on significant changes to management arrangements.

What the Council must say

See the model '[Consultation letter](#)', which shows how the Council might consult residents about a proposed Local Management Agreement. The key points are to:

- **Make it clear what is proposed**
- **Explain how this will affect residents**
- **Attach any necessary supporting information**
- **Set a reasonable deadline for replies**
- **Offer a variety of ways for people to respond.**

The Council should take any language or other needs into account when consulting residents (for example, offering translation into local community languages, or using large type for partially sighted people).

Although it may not be legally obliged to consult other people affected by the change (for example, local service providers and other community groups), the Council should ask them for their views in a similar way.

landlord
consultation

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Landlord consultation continued

Acting on consultation

The law says that the Council must consult residents and take their views into account when making decisions and changes - but it doesn't have to do what residents say. The Council must act reasonably though, and be able to show good reasons for its decisions and actions.

Leaseholders and freeholders

Special rules apply to residents who are leaseholders of their homes (for example, people who've bought leases of flats under the Right to Buy).

The law requires the Council to consult leaseholders if it plans to:

- **Enter into an agreement for a period of more than 12 months, which will mean leaseholders would have to pay more than £250 per year each for works or services.**

Although not all Local Management Agreements will fall within these limits, it is good practice for the Council to follow the consultation procedures set out in law:

Stage 1

- **Give leaseholders formal written notice of the intended agreement (with as much detail about the planned works, contractors etc as possible)**
- **Ask for leaseholders' comments.**

Stage 2

- **Get at least two estimates for the service**
- **Send leaseholders details of the estimates and how the cost breaks down for each property and by period (for example £x per day/week/month)**
- **Leaseholders then have 30 days to make any comments about the proposed contract.**

Stage 3

- **The Council (or residents' group) awards the contract to whoever will provide the service**
- **The Council must write to leaseholders confirming who was awarded the contract and why.**



Money

There is no legal obligation to consult freeholders (for example, people who've bought houses under the Right to Buy), but the Council should follow a similar process to be fair and to comply with good practice.

Publicising the outcome

The Council should tell everyone it has consulted about the results of the consultation, and what it intends to do. It's good practice to summarise the key comments and any objections received.

Where it comes from

Most of the services likely to run under Local Management Agreements are funded by the service and management charges paid by residents. Some (for example, repairs and some security measures) are paid for from tenants' rents.

To run a Local Management Agreement successfully, you need to understand where the money currently comes from, check whether this will still be available, and look at other alternative sources of funding.

Changes to rents and service charges are subject to the Government's rules, which currently limit annual increases to:

- **The rate of retail price inflation plus 0.5% plus £2 per week for rents**
- **The rate of retail price inflation plus 0.5% for service charges.**

The Department for Communities and Local Government provides guidance and support to help residents exercise greater control over their homes and local services. See www.communities.gov.uk

You might be able to get other grants to support your Local Management Agreement. See www.governmentfunding.org.uk for details and automatic updates on all Government grants.



money

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Money continued

Where it goes

Most spending will be on the direct costs of providing services (labour, materials and so on). But don't forget the indirect costs (for example, monitoring, supervision, administration and phone calls). These need to be built into the annual budget too.

Spending on large pieces of equipment (for example, a lawn mower) can be treated as capital spending – this means the cost can be spread over the life of the item, say, five years.

Service charges can also include an allowance for future replacement of an item – this is called depreciation.

The Council should help and advise residents on managing these different types of spending.

The Council must take into account the costs of negotiating, setting up and operating Local Management Agreements when setting its budgets.

Surpluses and losses

Many councils operate variable service charges, which means that losses or surpluses in one year can be passed onto residents in the following year, as higher or lower charges.

Where there is a local management agreement, residents can choose to use any surpluses for the benefit of the area (for example, to pay for landscaping improvements). There are some legal restrictions on what you can use surpluses from rents and service charges for - the Council can advise you about these.

Keeping track

To keep on top of the finances for a Local Management Agreement, you need:

- **An annual budget (a forecast of how much you expect to collect and spend in the coming year, broken down into key categories).** See '**Budget and accounts**'
- **Management accounts (regular [monthly or quarterly] updates on actual income and spending, compared to the budget).** See '**Budget and accounts**'
- **Annual accounts (an annual financial statement showing the actual income and spending for the whole year - produced within three months of the end of each financial year).** See '**Budget and accounts**'

You will need to keep records and copies of invoices, and receipts to complete these accounts, and allow them to be checked and audited.

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Budget and accounts

VAT (Value Added Tax)

Where residents provide services themselves under a Local Management Agreement, they do so on behalf of the Council. This means that no VAT is payable for the service.

VAT-registered contractors or suppliers providing services under a Local Management Agreement obviously have to charge VAT. So the allowances the Council pays to residents under the Local Management Agreement must include an amount for VAT. The residents' group will then pay VAT on behalf of the Council as its agent, so they must tell the Council how much they have paid out in VAT. The Council can then reclaim this from HM Customs and Excise in its regular VAT return.

Some contractors that you might use to provide services under a Local Management Agreement may be registered under the Inland Revenue's Construction Industry Tax Deduction Scheme (see www.hmrc.gov.uk).

Spending on supplies and materials will always attract VAT, unless it is on exempt or zero-rated items (for example, water supplies).

The Council and its VAT advisors should help you get this right for each Local Management Agreement.

It's simple

Although it's a serious responsibility, there's nothing too difficult about creating and managing a budget. The budget is just another way of looking at and expressing what you do under a Local Management Agreement.

The Council should give you help and advice to set up and manage the budget for your Local Management Agreement.

Some starting points

You may wish to identify costs and income for different parts of the service (for example, staff, materials and equipment).

You could look at linking several budgets together (for example, so you can monitor services separately if your Local Management Agreement covers a number of different tasks) to see the overall picture.

Think about a basic accounting system to keep track of actual income and spending and compare it to your budget.

**budget and
accounts**

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Budget and accounts continued

More help

As your agreement develops, or if it is more complex or high value, you may want to use a more advanced budgeting and accounts system. The Council should advise you on this, and arrange training to help you understand and manage your finances with confidence.

legal stuff

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Legal stuff

Local Management Agreements raise some important legal points, which residents and the Council must get right.

Consulting residents

Neither the Council nor residents' groups can just make changes whenever they like. Section 105 of the Housing Act 1985 says that councils must consult residents before making any changes to the housing management service that would substantially affect residents. The Social Housing Regulator's Tenant Involvement and Empowerment Standard also requires consultation on significant changes to management arrangements. So, this must be done before setting up a Local Management Agreement, or making any significant changes once it's operating. See '[Landlord consultation](#)' and '[Testing support](#)'

Even where landlords don't legally have to consult with residents, it's good practice to involve and empower local people in all key decisions - that's what Local Management Agreements are all about.

Liability

When residents take control of local services and contracts, they also become liable for the risks connected with those services. So to protect individuals and groups against these risks, most Local Management Agreements will require residents to form and operate a simple unincorporated association or community interest company to run the services.

Setting up these kinds of bodies raises further issues about insurance and succession (for example, when key residents

Legal stuff continued

involved in a Local Management Agreement move, die or are otherwise no longer able to be involved). See **'Who's in charge'**

Government approval

At the time of writing, Local Management Agreements count as a formal delegation of the Council's legal duties, so they are subject to approval by the Social Housing Regulator. To make it easier for landlords and tenants to put Local Management Agreements in place, the Social Housing Regulator is providing a general consent to agreements that conform wholly or mainly to the approved model agreement in this toolkit. This removes the need to seek individual consent in most cases. You should check the position when you are thinking of entering into an agreement.

Using the standard format for Local Management Agreements in the toolkit will help the Social Housing Regulator in deciding whether a particular agreement is suitable for approval. When submitting an application which may need the Regulator's approval, the Council should highlight if/how it has amended or adapted the model forms to suit the particular Local Management Agreement.

But don't worry; this is less daunting and complicated than it sounds. See **'Landlord consultation'**, **'Testing support'** and **'Who's in charge'**

Housing associations do not have to get 'Section 27' consent to set up Local Management Agreements.

Contracts

If you use an outside contractor to provide services under a Local Management Agreement, you should use a proper written contract

to protect both sides' interests. See **'Model contract'**.

You may also need separate contracts with other suppliers (for example, utility suppliers). As with all legal documents, make sure you understand what you're signing, and if in doubt, get legal advice.

Health and safety

There are lots of laws and regulations governing how people stay safe when providing services, and liability is usually strict and difficult to avoid. So, whoever is providing the service must know about, understand and be competent to meet all the relevant requirements. See **'Health and safety'**

Rent and service charge control

Most of the money to pay for services under Local Management Agreements comes from residents' rents and service charges. The levels of, and increases in, these are subject to special Government controls, so you can't just increase charges to pay for extra services and costs. See **'Money'**

Leasehold, property and tenancy law

Most areas will have a mixture of Council tenants and people who own their home (either outright or under a lease). There may also be a mixture of different public and private landlords, in the area.

This can make things complicated, because different rules apply to different types of tenancies and leases - particularly when it comes to consulting over changes and increases to service and management charges. See **'Landlord consultation'** and **'Testing support'**

legal stuff

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Legal stuff continued

You may need to seek guidance from the Council's Housing Department or get independent legal advice.

VAT

You may have to pay VAT (Value Added Tax) if a VAT-registered contractor or supplier provides the service under a Local Management Agreement. If so, you may also need to register with HM Revenues & Customs for VAT. The Council can help residents work out the best way of managing this, and take advice from its VAT consultants if necessary. The Local Management Agreement covers how VAT is handled. See '[Money](#)'

TUPE

TUPE - The Transfer of Undertaking (Protection of Employment) regulations - can apply to some services that are transferred from a public body to an outside contractor. If so, the contractor must take on the existing staff on their existing terms and conditions.

TUPE usually only applies to large, high-value contracts and services, but it could affect some Local Management Agreements. There is no fixed threshold for TUPE to apply - it depends on the nature and definition of the service being transferred. You may need to get legal advice to check if it applies or not.

Data Protection

The membership records held by an unincorporated association or community interest company count as an 'exempt purpose' under The Data Protection Act 1998. This means there is no requirement to register with the Data Protection Commissioner.

Membership records should though be handled in line with Data Protection Act principles, which state that personal information held must be:

- Processed fairly and lawfully
- Obtained for specified and lawful purposes and not used in a way that's incompatible with these purposes
- Adequate, relevant and not excessive for the purpose
- Accurate and up to date
- Not kept for longer than necessary
- Processed in accordance with people's rights under the Act (for example, people's right to inspect their own records)
- Held securely
- Not transferred outside the European Union without adequate protection.

The Council can give advice on how best to comply with these principles.

Data protection is particularly important if running a Local Management Agreement means that some residents have access to sensitive personal information about other people in the area. Sensitive personal data is defined as information about people's:

legal stuff

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Insurance

- racial or ethnic origin
- political opinions
- religious or other similar beliefs
- trade union membership
- physical or mental health or condition
- sexual life
- criminal offending history and legal proceedings.

Check it out!

Because every estate, area and Local Management Agreement is different, the materials and model documents in this toolkit may not exactly suit your particular needs and circumstances. So, you must get legal advice from the Council or an independent solicitor before taking on an Agreement. The toolkit covers the requirements of law in England only. Users in Wales, Scotland and Northern Ireland must check on the different rules and systems that apply there.

Residents and contractors providing services under Local Management Agreements must insure against key risks:

Public liability Against personal loss, damage or injury arising from the service (for example, a resident slipping on stairs that are wet after cleaning).

Contents Against theft, damage and loss of equipment or materials (for example, a lawnmower being stolen from its store).

Employer's liability Against claims for injury, unfair dismissal or treatment and actions by employees (for example, a contractor's member of staff seriously injuring themselves and being unable to work).

Trustee's/director's indemnity Against damages and legal expenses arising from any wrongful act, error or omission when acting as a trustee to an association or company director responsible for a Local Management Agreement (for example, if trustees/directors are sued over performance of their duties). You can also insure against errors and omissions arising from service failures.

Fidelity Against fraud and theft of money connected with the service (for example, the person responsible for keeping financial records falsifying invoices or colluding with a contractor).

Indemnity

Residents or residents' groups who take over responsibility for services must also handle any claims connected with those services - hence the need for insurance.

insurance

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Insurance continued

As part of the Local Management Agreement, the Council can be indemnified (protected) from any claims to do with the service, unless they are caused by the Council being negligent.

In return, the Council may offer full or partial indemnity to trustees responsible for Local Management Agreements, to protect them from unlimited legal liability. See '[Who's in charge](#)'

How to arrange cover

Depending on the details of the agreement, some risks may be covered by the Council's existing insurance policies. If not, the Council can help residents find and arrange other comprehensive, good value insurance.

To find suitable local insurers and brokers in your area, contact:

- **British Insurance Brokers Association on 0870 950 1790 or www.biba.org.uk**

Equalities

Local Management Agreements must comply with the law and reflect the Council's policies on equalities, to make sure that services are provided fairly. Agreements and services must not unfairly exclude, disadvantage or discriminate against anyone because of their nationality, race, colour, culture, religion, age, sex, gender, sexuality, disability, health, immigration status or for any other reason.

The law on equalities is developing and changing all the time, so see www.equalities.gov.uk to keep up to date.

Even where services are delegated to residents by a Local Management Agreement, the Council's obligations under the Equalities Act 2010 still apply. Everyone involved (residents, residents' groups, contractors and the Council) must cooperate to meet these legal standards and requirements.

For residents and other customers

Services provided under Local Management Agreements must be available to everyone who needs them. Contractors and other providers must take people's circumstances into account to make sure they receive a fair service (for example, giving reasonable priority to older or disabled people, or those with young children).

You must provide information about services (for example, costs and changes to providers) so that everyone can understand them. This means translating material into relevant community languages, and using other media (for example, large print or audio) if people need it.

equalities

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Local Management Agreements are all about tailoring services to the local needs and features of an area. So, the way services are provided must reflect and respect the diversity of the area and its surroundings.

You must choose contractors in a fair and open way, using competitive quotes and tendering if appropriate. You must be able to justify your choice of contractor or provider on clear, objective grounds.

Residents must tell the Council or the organising residents' group if they have any personal connection with a contractor or other provider (for example, if they are related to or work for them).

For contractors and other providers

Contractors and other providers must demonstrate that they understand and are committed to equalities (for example, in their personal conduct and how they recruit staff). Contractors must agree to provide services in line with this policy, and cooperate with any equalities monitoring or checks that the Council or residents' group wishes to carry out.

Although services provided under Local Management Agreements do not require full, open competition under the European Union procurement regulations, the general principles of these regulations still apply. This means that contractors must not be disadvantaged on the grounds of nationality, and should be given a free opportunity to compete for and provide Local Management Agreement services.

For the Council

The Council should consider a Local Management Agreement for any group of residents or area. It may recommend that a Local Management Agreement is not suitable or the best option for a particular service or area, but should always give reasons, and seek to negotiate a fair solution with residents.

The Council has a legal duty to ensure fairness and open competition when delegating its housing duties. As part of the formal consultation with residents about a Local Management Agreement, the Council should therefore ask for suggestions on alternatives and give anyone else interested in taking over the service the chance to compete. The Council should publicise the proposed Local Management Agreement through local newspapers, its website and other normal media, inviting expressions of interest from any other person or firm who would like to run the service.

equalities

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Health and safety

Taking on responsibility for services under a Local Management Agreement also means taking on the legal obligations and good practice for staying safe. Some services come with quite a lot of law and regulations attached (for example, gardening and cleaning).

For residents providing services directly

You must be aware of, and be competent to meet all the necessary health and safety requirements. The main regulations come from:

- **Health and Safety at Work Act 1974**
- **Management of Health and Safety at Work Regulations 1999**
- **Control of Substances Hazardous to Health (COSHH) regulations 1996**
- **Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) 1995**
- **Controlled Waste Regulations 1991**
- **Health and Safety (First Aid) Regulations 1981**

These laws and regulations alter from time to time, so you must also keep up to date with any changes (for example, via www.hse.gov.uk). For most Local Management Agreements, you will need to draw up a statement of your health and safety policy, to show how you meet these obligations.

Even if residents provide services as unpaid volunteers, they have the same status as employees for health and safety issues. You also owe an extra duty of care to any young people (aged 16-18) involved in providing services.

The Council should provide or help to arrange training on these requirements and good practice, before the Local Management Agreement starts. This should be pitched at the appropriate level for the service, but could include accredited training by a professional body (for example, the Chartered Institute of Environmental Health's 'Supervising Health and Safety' course).

Health and safety is one of the key competencies that you need to demonstrate before taking over services under a Local Management Agreement. See '[Who can do it](#)'

For contractors, providers and suppliers

All contractors and other providers and suppliers working under Local Management Agreements need to show that they are aware of, and meet, the relevant health and safety requirements and good practice. The Council may provide or help to arrange training on this before the Local Management Agreement starts.

When appointing contractors, you must make sure that firms are competent to meet their health and safety obligations.

The keys to health and safety

Two principles underpin most health and safety:

- **Assessing and managing risks**
- **Common sense.**

Whoever provides services must identify the hazards and assess the risks likely to arise from the activity - both how likely it is that something will go wrong, and what the impact will be if it does. Having assessed the hazards and risks, you must then put sensible measures in place to avoid, minimise and manage them – and review and update these regularly.

Example: residents doing caretaking work should use proper protective footwear, clothing and gloves, and know how to lift heavy objects and handle and dispose of glass or syringes safely.

No-one can guarantee common sense, but regular training and reminders and good systems can help. Assessing risks for health and safety supports your general planning and project management, to help you get things right.

More help

If you need any more advice about health and safety, contact the Council's safety team.

Many contractors employed by local councils are registered and

accredited under the Contractors Health and Safety Assessment Scheme (CHAS), which is supported by the Health & Safety Executive (see www.chas.gov.uk). Although this is not a requirement for residents and contractors providing services under a Local Management Agreement, it does provide a very useful framework for health and safety management, for small firms or groups of local people, right up to big companies.

The key requirements to meet the CHAS standard are commitments to:

- **Provide adequate control of the health, safety and welfare risks arising from activities which may affect employees or others**
- **Consult with employees on matters affecting health and safety**
- **Provide and maintain safe plant and equipment**
- **Ensure safe handling and use of substances**
- **Provide information, instruction and supervision for employees**
- **Ensure all employees are competent to do their tasks, and give them adequate training**
- **Prevent accidents and cases of work-related ill health**
- **Maintain safe and healthy working conditions**
- **Ensure there are sufficient funds to implement all this**

health and
safety

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Health and safety continued

- **Review and revise health and safety arrangements regularly and at least every 12 months.**

Firms registering for CHAS also have to submit relevant evidence and documents, for example:

- **Health and safety method statement and risk assessment**
- **Copies of training certificates for staff**
- **COSHH assessments**
- **Details of how any sub-contractors are assessed for competence in health and safety.**

The Health & Safety Executive offers lots of other useful advice and publications (see www.hse.gov.uk).

Your local Voluntary Services Council may also be able to help.

Tender

If you plan to use an outside contractor to do the work under a Local Management Agreement, you will need to invite tenders or get competitive quotes to see what they can do, at what price.

How to tender

There are two main sorts of tendering:

- **Open** - where you advertise (for example, in a local newspaper or on a website) for any interested contractors and suppliers
- **Closed** - where you contact specific, named contractors and suppliers that you think are suitable.

Getting it right

To get high standards and good value for money, you need to make sure that the contractor is capable, reliable and trustworthy. Choosing the wrong contractor can create huge problems, and undermine the whole agreement.

So, a typical tender should include:

Title For example: 'Invitation to tender for communal gardening services at Anywhere Estate, Anytown'

Summary One or two sentences to say what the service is, who is issuing the tender (for example, 'the Anytown Residents Association') and explain that the service will run under a Local Management Agreement. See '**Getting started**' and '**Why do it**'

Specification Insert the description and standards from the detailed plan. Ask the contractor to show how they would meet all these standards, and highlight any areas where they would do something differently, or to a higher or lower standard. See **'Detailed plan'**

Location Say where the service will be provided and, if necessary, include a sketch plan or scale drawing of the areas covered (for example, to show the communal areas for a gardening contract).

Period State how long the contract will run for, when it will start, and what the arrangements are for extending it beyond the original term.

Health and safety Attach your health and safety statement and ask the contractor to show how they comply with and support it. See **'Health and safety'**

Equalities Attach your equalities statement and ask the contractor to show how they comply with and support it. See **'Equalities'**

Cost State whether you want a fixed price (for example, for cleaning) or one that varies according to how much work is done (for example, repairs). Say how you want the total broken down (for example, by block or particular task). State whether the contractor should include VAT and any other expenses (for example, waste disposal, new equipment or travel costs). See **'Money'**

Insurance State what types of insurance the contractor will need, and ask them to supply details of their policies and cover.

Form of tender Say what form you want tenders in, and how many copies (for example, 'a written proposal covering all parts of this invitation to tender - one bound copy and one electronic copy by email').

Say how you want tenders to be returned (for example, 'by Recorded Delivery and clearly marked 'tender' to Name, Secretary, Anywhere Estate Residents' Association, 32 Alpha House, Anytown, AN3 4HY.'

Deadline Say when you need tenders by, and make it clear that you will not accept late tenders (for example, 'to arrive by noon on Monday 12 February 20xx').

Added value Invite the contractor to say how they might provide any extra service or help at no extra cost, and explain that this will form part of your decision making. There's no harm in asking! For example, a contractor might offer work experience placements to older children in the area, or contribute to a social event.

References Ask for details of two of the contractor's existing or previous customers who you can contact for firsthand feedback on their work.

tender

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Tender continued

Contacts Give the name, phone/email and address of the person who can answer any queries about the tender, and contact details for the Council. Explain that extra information given to any company will also be made available to other tenderers.

Making the decision

To decide between competing tenders, don't just choose the cheapest, or a firm that you know, or one that has been recommended to you. To help you be fair and objective:

- **Use a simple scoring system, where you award up to five points for each aspect of the tender (cost, health and safety, references etc) and then total the scores to choose a preferred contractor. You can use this technique to shortlist two or three contractors, and then meet/interview them to make the final decision.**

Monitoring

The big picture

Each Local Management Agreement should have some overall targets or objectives - to show whether it has made a difference or not. These should relate to the original reasons for setting up the Agreement, and link back to the satisfaction levels and views expressed by residents before it began. See '**Testing support**'

Examples might be:

- **To increase resident satisfaction with the communal cleaning service from 40% to 80% in the three-year period of the Agreement.**

Or;

- **To cut the costs of communal gardening by 30% over three years.**

The Council and residents need to work together to measure these outcomes - which in turn will help you decide whether to continue the Agreement for another period.

Day to day

Local Management Agreements should clearly set out who is responsible for supervising and controlling the services provided under the Agreement, and how they will respond to any enquiries and complaints.

monitoring

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Problems

No-one has ever run a service that is entirely problem-free. So, residents providing services under a Local Management Agreement must have procedures in place to handle complaints and other problems that crop up.

Complaints from residents

You should design and use a system to match local circumstances, but it must include:

- **A written record of all complaints (detailing who has complained, when, what about, and what the response was).**
- **Firm time limits for responding to complaints (for example, complaints will be acknowledged within 24 hours, investigated within two working days, and resolved or responded to within five working days).**
- **A customer-centred approach that takes all complaints seriously, and apologises quickly and sincerely for any problems. Saying sorry goes a long way!**
- **Clear arrangements for compensating people if they have lost out because of the way the service is provided (for example, someone's private garden being damaged by work to a communal area).**
- **Clear links to the Council's complaints policy and procedures (to make it clear when a complaint might have to be referred to the Council, tenants panel or Ombudsman service).**

Regular checks

Local Management Agreements must also provide a regular method of reporting on the standards being achieved, and how they compare to the targets set out in the detailed plan.

This could be via a quarterly financial and written performance report to the Council and trustees/directors or regular 'sign-off' and survey by residents.

Awards

The Council may collect and analyse monitoring and feedback information to make the annual awards, for example:

- **Best innovation**
- **Most improved service**
- **Best contractor.**

problems

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Problems continued

Complaints from the Council

Because it is still ultimately responsible for services provided under a Local Management Agreement, the Council can step in if things aren't going well. The Agreement gives the Council permission to inspect the quality of work and systems at any reasonable time. The Council should tell the residents or group responsible in writing if there are any shortfalls in the service.

Trustees/directors then have one month to put things right, or allow the Council to put things right and recover the costs from the Local Management Agreement budget.

Ending the Local Management Agreement

Hopefully rare - but sometimes things just don't work out. So, Local Management Agreements allow both parties to end the agreement by giving notice in writing - for example, if problems which have been notified aren't put right.

Mediation and arbitration

If there is a serious dispute between residents and the Council (for example, about standards or payment) and the parties cannot agree, you can involve an independent mediator or use binding, independent arbitration. Mediators can help parties see the other side of the dispute and reach common ground. Arbitrators hear both sides of the argument in a more formal way, and then reach a decision, which everyone must accept and act upon.

Ask the Council for details of local mediation services and see www.ciarb.org.uk for more about arbitration.

Help

Negotiating and setting up a Local Management Agreement is the easy bit. Operating it and providing the services over the coming months and years is the real challenge.

The Council should stay in touch with you throughout the period of the agreement, and someone should always be available by phone and email to answer queries.

The Council should also arrange an annual review meeting with the organising residents' group and any contractors, to look at performance, financial results and customer feedback. This review is particularly important when the agreement is coming to an end, and both parties need to decide whether to extend it.

Learn from others

It's good to share experiences and practice, so get in touch with and visit other residents and areas that use Local Management Agreements.

help

p40

Notes

**These documents are approved for use
with local management agreements by
the Social Housing Regulator**

Model documents and forms

Use these model documents and forms to set up and run your Local Management Agreement.

Initial contact letter	p43
Landlord consultation letter	p44
Feedback form	p46
Model questions	p47
Model rules - unincorporated association	p48
Model application form	p57
Summary guide - community interest company	p58
Model agreement	p62
Model contract	p69

Initial contact letter - from interested residents to the Council

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(Contact name)
(Council's name)
(Address)

(Your name)
(Your address)

(Date)

Dear (contact name)

Proposed Local Management Agreement at (area)

Residents at (area) are interested in negotiating a Local Management Agreement to take over the (name of service[s]) for this area.

We want to do this because (reason[s]).

We think the main benefits of having a Local Management Agreement will be (benefits).

We understand the Council remains ultimately responsible for this service, but we think a Local Management Agreement can bring real benefits to the area.

Please contact me at the address above or on (phone/mobile/email) to discuss how the Council can help.

Yours sincerely

(Your name and role)

Landlord consultation letter - from the Council to all residents affected by a proposed Local Management Agreement

Items in green to be edited by the user

Resident's name

Resident's address

Date

Dear (name)

Important changes to the (service) at (area)

The (residents/group/association) has proposed that it takes over the (service) in your area. The Council supports this idea in principle, but I need to know your views about this proposed change.

What's proposed

The (residents/group/association) plans to take on the (service) under a Local Management Agreement with the Council. This means that the Council will provide support and funding for the (residents/group/association) to run the service, in line with some agreed rules and controls.

The (residents/group/association) plans to use (contractor) to provide the service. I attach a copy of the (residents/group/association)'s outline plan for the service, which gives more details about the reasons for this proposed change, and how it could benefit the area.

What it means for you

If the Local Management Agreement goes ahead:

- The (service) will be provided by (contractor) from (date), rather than the Council's (staff/contractor).
- Your service charge for (service) will remain the same at (price) per week for the year beginning (date). The (residents/group/association) hope to reduce costs for future years and pass any savings onto you.
- You will need to make any comments or complaints about the (service) to the (residents/group/association), who will deal with them in line with the procedures agreed with the Council.

Other options

Although the Council supports the Local Management Agreement proposal, we have to consider other options for the (service) and find out if anyone else is interested in running it. Please tell us on the attached feedback form if you have

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any views on this. We have publicised the proposed Local Management Agreement in the local press and on the Council's website.

Tell us what you think

To have your say about this proposed change, please:

- Fill in the attached form and return it in the prepaid envelope
- Email me at (email address) with your comments
- Come to the open meeting at (venue) at (time) on (date), where (residents/group/association) and Council staff will be able to answer any queries.

You must send your views and comments to me by (date, at least four weeks from the date of the letter).

Next steps

I will contact you again to let you know the result of this consultation, and whether the proposed Local Management Agreement will go ahead or not.

If it does, the (residents/group/association) will publicise the details of the new service before it starts.

Your right to be consulted

For councils - Under Section 105 of the Housing Act 1985, we must consult you about this change, and take your views into account. For housing associations - Your tenancy or lease agreement says that we must consult you about this change and take your views into account. So please let me know what you think, using one of the methods set out above.

Yours sincerely

(Name and position)

Attached:

- Outline plan from (residents/group/association)
- Feedback form and prepaid envelope

Feedback form - for residents to respond to the Council

Items in green to be edited by the user

Feedback form

Local Management Agreement for the (service) at (area)

The Council supports the proposal to establish a Local Management Agreement for the (service) at (area).

Please tell us what you think by ticking ONE BOX below

- I am in favour of the proposed Local Management Agreement
- I am against the proposed Local Management Agreement
- I am neutral about the proposed Local Management Agreement

Please write any comments on the proposed change in the box below
(continue on the back of this form if you need more space)

Your name

Your address

Telephone

Email

Please return this form in the prepaid envelope by (date)

Model questions - to ask all residents in the area

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Model questions

- How satisfied are you with the Council's (gardening, cleaning, caretaking etc) service in the area at the moment?
Very satisfied satisfied neither satisfied nor dissatisfied
dissatisfied very dissatisfied
- What do you like most about the way the Council provides the (gardening, cleaning, caretaking etc service) in the area at the moment?
- What do you like least about the way the Council provides the (gardening, cleaning, caretaking etc service) in the area at the moment?
- What would you most like to change about the (gardening, cleaning, caretaking etc service) in the area?
- Have you heard about the proposal to set up a Local Management Agreement for residents to take over the (gardening, cleaning, caretaking etc service)?
Yes No Don't know
- Could anyone in your household take an active part in delivering the (gardening, cleaning, caretaking etc service)?
Yes No Don't know
- If yes, who is this, and what could they do? (please give brief details below)
- Are you in favour of forming a special body to take responsibility for the Local Management Agreement, with residents acting as trustees/directors?
Yes No Don't know
- Can you suggest any other ways of changing and improving the (gardening, cleaning, caretaking etc) service or know of anyone else who would be interested and willing to take it over?
Yes (please give brief details below) No
- Do you have any other ideas or suggestions on how to improve the (gardening, cleaning, caretaking etc) service in the area?
If so please say what.

Model rules - to create an unincorporated, non-charitable association

Items in green to be edited by the user

Rules for (name)
- an unincorporated,
non-charitable association

Rules

This agreement creates and governs **(the association)** - an unincorporated, non-charitable, not-for-profit association formed with the single purpose of operating a Local Management Agreement with **(council)** ('the Council') at **(location)**.

1 Name

The association is known as **(name)** ('the association').

2 Term

The association exists from the date of this agreement, until and unless it is wound up in line with 15 below.

Or:

The association exists for a fixed period of **(weeks, months, years)** from the date of this agreement, or until **(date)**, whichever is the earlier.

3 Address

The address for correspondence and service of notices on the association is:
(address)

4 Objects

The objects of the association are to:

- Perform the obligations of a Local Management Agreement with the Council to provide housing and/or other related services at **(location)**.
- Promote and take action to benefit its members and other local residents in respect of the Local Management Agreement.
- Negotiate and work with the Council, contractors, suppliers and other third parties to provide services under the Local Management Agreement.
- Cooperate with members and other individuals, associations and agencies in matters of mutual interest.

5 Powers

The association has the authority of its members to fulfil the obligations of, and exercise the rights set out in the Local Management Agreement at **(location)**, including:

- Carrying out works to land and buildings
- Negotiating and entering into necessary contracts and other legal agreements

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- Receiving and handling money necessary to meet the obligations of the Agreement and the association's objects
- Appointing and monitoring the performance of contractors and other third parties to provide local services
- Taking out and maintaining insurance to protect its assets, members and activities.

6 Membership

All residents holding a tenancy, lease, sub-lease or freehold in (location) during the term of this agreement are entitled to be members of the association for as long they maintain their sole or principal home in the area known as (location) and marked on the plan in appendix 1.

Residents are invited to confirm their membership of the association by completing the application form at appendix 2. The association shall maintain written records of all members in line with the principles of The Data Protection Act 1998.

Unless otherwise provided for in 7 below, all members of the association are eligible to stand and act as trustees.

Ordinary members of the association do not have or accept any personal legal liability for the association's activities.

7 Trustees and officers

The day-to-day business of the association is carried out by the trustees named in appendix 3, or their successors in accordance with 8 below.

The trustees are appointed by:

- Election as an existing Committee Officer of the (residents' group)
- Unopposed self-nomination
- A ballot of the association's members
- Being co-opted by the association (special invitation to an individual)
- (Other method)

Trustees are appointed at each Annual General Meeting (or a properly convened Special General Meeting) and serve for a fixed term of (two years).

Trustees and officers are jointly and personally liable for the association's activities. All trustees have a duty to act openly, honestly, reasonably and prudently in exercising their responsibilities. Trustees must at all times take account of local residents' views and act in the best interests of the association's members and other local residents in respect of the Local Management Agreement. By signing this agreement, trustees accept and agree to observe these responsibilities and standards.

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From their number, the trustees appoint to the following officer posts. Officers of the association have special additional responsibilities:

Chair

- Has overall responsibility for the association's activities
- Signs the Local Management Agreement on behalf of the association
- Acts as the principal point of contact with the Council
- Responsible for the association's health and safety management
- Chairs trustees', ordinary, special and annual general meetings of the association
- Acts as an authorised signatory to the association's bank account(s) and contracts under the Local Management Agreement
- Coordinates the work of other trustees, officers and the association.

Treasurer

- Responsible for the association's finances, insurance and taxation
- Opens and maintains bank and other financial accounts as required
- Arranges and maintains insurance cover as required
- Handles and maintains written records of all the association's financial transactions
- Prepares and supplies financial and taxation records to the Council as required
- Acts as an authorised signatory to the association's bank account(s) and contracts under the Local Management Agreement.

Secretary

- Responsible for the association's membership and administration
- Oversees and maintains records of appointments to trustee and officer posts
- Convenes, notifies and keeps written records of all the association's meetings
- Acts as the trustees' principal point of contact for the association's members
- Handles correspondence and enquiries on behalf of the association
- Acts as an authorised signatory to the association's bank account(s) and contracts under the Local Management Agreement.

Subject to the maximum number of **(number)** trustees, the association may co-opt up to **(number)** other trustees with relevant qualifications or experience (for example, particular knowledge or experience of the service being provided under the Local Management Agreement). Trustees can be co-opted in this way even if they are not

eligible to be members of the association. Co-opted trustees are appointed and serve on the same terms as other trustees.

Officers serve a fixed term of **(one year)**. Subject to the appointment process agreed with the Council, trustees and officers can be reappointed for an unlimited number of further terms in the same post(s). A trustee cannot hold more than two officer posts at the same time.

Trustees will consult and account to the association's members via special and annual general meetings. Where they are not expressly directed by the decision of an ordinary, special or annual general meeting, trustees have reasonable authority to act on behalf of the association in line with the standards set out in these rules.

All trustees are required to sign these rules, and officers are authorised to sign the Local Management Agreement and associated contracts, orders and instructions on behalf of the association.

8 Succession

Trustees and officers may leave the association and/or discharge their responsibilities with immediate effect if they:

- No longer have their sole or principal home in **(location)**
- Give up their role(s) due to ill health or other personal reasons
- Resign as a trustee by giving written notice to the association
- Have their membership and trustee/officer status removed under the Code of Conduct set out in 13 below.

New trustees and officers can be appointed at any time, in line with the arrangements in 7 above.

9 Meetings

The trustees hold at least four ordinary general meetings per year at approximately quarterly intervals, to review the association's activities and agree necessary management action. The quorum for an ordinary general meeting is **(number)** trustees.

The association also publicises and holds an Annual General Meeting, open to all its members each year to:

- Receive the trustees' written annual report of the association's activities
- Approve any fees payable to trustees
- Appoint new trustees and officers as required

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- Agree any changes to the association's rules.

The quorum for an Annual General Meeting is (number) members of the association.

Members of the association may request a Special General Meeting at any time, by submitting a written request to the trustees, signed by at least (five) members.

The trustees must arrange, publicise and hold a meeting within (number of days) of any such request, and take reasonable steps to publicise the details of meeting using normal local methods and outlets.

All votes at the association's meetings are decided by a simple majority of those present and eligible as members to vote, with the Chair (or his/her acting deputy) having a second, casting vote to avoid deadlock.

Only votes decided by a majority in this way at meetings attended by at least the minimum quorum of eligible members shall be considered valid.

10 Money

The trustees may open and maintain bank and other accounts as necessary to achieve the association's objects. The Treasurer is responsible for establishing and keeping accurate written records of the association's finances, and making these available for independent inspection or audit at any time.

All money received by the association must be used to contribute to achieving its objects.

The approval and signatures of two trustees, including at least one officer, are required for all transactions of the association's funds.

Trustees and other members acting on behalf of the association are entitled to recover any reasonable expenses they incur in performing their duties.

If the association is wound up in line with 15 below, any money held, owed, or owed to it must be accounted for and applied to its objects, or returned to the Council by the outgoing trustees.

11 Insurance and indemnity

The association maintains the following (insurance/indemnity):

Trustee's indemnity cover to a limit of (£amount) for each individual per year. This insures trustees against claims and losses arising from the performance of their duties, so long as they act honestly, and in good faith.

And/or:

The Council indemnifies individual trustees against claims, personal liabilities and losses arising from the performance of their duties, so long as they act honestly, and

in good faith. This indemnity is limited to (£amount) for each individual per year.

Trustees' (insurance/indemnity) protects members from claims both when they are in post as trustees, and afterwards during any limitation period for liability.

The association arranges and maintains other insurance as required to achieve its objects and/or ensures that contractors and suppliers have the appropriate insurance cover.

The association's obligation to maintain insurance is subject to the relevant form and level of cover being available at reasonable expense, and any terms, excess or other conditions required by the insurers.

12 Equality, diversity and fairness

The association must conduct its business and membership in line with the Council's policies and obligations for equality and diversity.

The association and its trustees will not unlawfully or unreasonably discriminate or treat anyone less favourably because of their race, colour, nationality, culture, religion, beliefs, age, disability, sex, gender, sexuality, economic status, lifestyle, or for any other reason.

The association has an active duty to promote openness, equality, diversity and fairness in all its conduct and activities.

13 Conduct and respect

Members of the association are required to treat each other and third parties with courtesy and respect in all activities connected to the association.

Members must also disclose to the trustees any close personal connection that they have with any individual or firm involved or potentially involved in the service(s) provided under the Local Management Agreement. Close personal connection includes any family relationship and current or previous employment or business interest with the supplier or contractor.

Trustees and officers have a particular duty to behave in an honest, reasonable and responsible way to discharge their duties diligently, and maintain positive relationships with each other, members, the Council and other third parties.

The trustees may issue a written warning to any member who fails to meet these standards at any time.

Members, trustees and officers who manifestly or repeatedly fail to meet these standards may have their membership (and any trustee or officer status) permanently removed by a valid vote at an Annual General or Special General meeting.

14 Changing the agreement

Items in **green** to be edited by the user

This agreement can be altered or added to only by a valid vote at a properly convened Annual General or Special General Meeting.

Any proposed changes must be notified in writing to the trustees and the Council at least **(number of days)** before a vote to approve the change.

15 Ending the agreement

This agreement can be brought to an end, and the association wound up, only by a valid vote at a properly convened Annual General or Special General Meeting (or by expiry of the fixed term in 2 above).

Any proposal to end the agreement must be notified in writing to the trustees and the Council at least **(number of days)** before a vote to approve the change.

A vote to the end the agreement cannot be taken while the association has any financial, service or other obligations outstanding or in force. The opinion of a majority of currently named and serving trustees shall decide whether or not such liabilities remain.

16 Non-partnership and jurisdiction

This agreement does not create a legal partnership. The agreement and the association are subject to English law.

17 Inspection

A copy of this agreement is displayed at **(location)** and is available on request from the Secretary of the association or the Council.

18 Appendices

- 1 Plan of the area covered by the association.
- 2 Membership form
- 3 Trustees of the association
- 4 The association's Local Management Agreement with the Council dated **(date)**
- (5 Other)**

Items in green to be edited by the user

19 Trustees' signatures

Trustee 1

Name
Signature
Date

Trustee 2

Name
Signature
Date

Trustee 3

Name
Signature
Date

Trustee 4

Name
Signature
Date

Trustee 5

Name
Signature
Date

20 Trustees' responsibilities

By Signing this agreement, the above named trustees agree to act openly, honestly, responsibly and prudently in exercising their responsibilities. Trustees must at all times take account of local residents' views and act in the best interests of the association's members and other local residents in respect of the Local Management Agreement. Trustees accept and agree to observe these responsibilities and standards.

Model application form - for residents to confirm membership of an unincorporated, non-charitable association

Items in green to be edited by the user

Application for membership of (association)

I (name)

and all members of my family and household living at

(address)

apply to become members of (association).

I/we have received a copy of the association's rules, and agree to observe and be bound by them.

Signature

Date

This membership continues for as long as I/we continue to live at this address or another within the area covered by the Local Management Agreement as my/our principal home, or the association is wound up or ceases to operate for any reason.

Summary guide - for a community interest company

1 About this guide

1.1 This is a summary guide to the documents known as the 'memorandum and articles of association' for a Community Interest Company (CIC). Together, these documents are sometimes called the company's 'governing document' or 'constitution.'

1.2 The full version of the model memorandum and articles of association for a CIC accompanies this toolkit.

2 Memorandum of association

2.1 This is a very short document that just says the company members want to form a company.

3 Articles of association - part A (Introduction)

3.1 The introduction defines words and phrases used throughout the document.

4 Articles of association - part B (Community Interest Company and asset lock) and part C (Name, objects and powers)

4.1 These sections set out the 'objects' of the company (Article 7), its powers (Article 8), how its funds can be used (Article 4) and the 'asset lock' (Article 3).

4.2 The objects of a CIC set up to deliver a local management agreement must be for the benefit of the community.

4.3 The powers section says what the company can do, not what it must do. For example, the board of a CIC could decide to carry out and publish research, but it is not obliged to do so.

4.4 Article 4 requires that all income and assets of the company must be used to further its objects.

4.5 There are some exceptions to this general rule (such as company money being used to reimburse directors for their reasonable out-of-pocket expenses incurred in their role).

- 4.6 The asset lock ensures that the assets of the company are used for the purposes of the CIC. A CIC wishing to sell or transfer any of its assets must do this at the current market value or, if not, sell or transfer the assets to another asset locked body (for example, another CIC or charity).
- 5 **Articles of association – part D (Limitation of liability and guarantee)**
- 5.1 Each company member guarantees that, if the CIC is wound up and cannot pay its debts, s/he will contribute up to £1. This is why the CIC is called a ‘company limited by guarantee’.
- 6 **Articles of association – part E (Company membership)**
- 6.1 Articles 12 and 13 explain how residents can become, or stop being company members.
- 6.2 Article 14 deals with Part V of the Local Government and Housing Act 1989, which says that if too many directors are linked to a council in the way described in the Act, then the company may be considered as ‘influenced’ or ‘controlled’ by that council. Article 14 avoids this problem by requiring some directors to step down so that Part V does not apply.
- 7 **Articles of association – part F (General meetings)**
- 7.1 General meetings are for general company members, as distinct from meetings of CIC directors.
- 7.2 Although the board takes most of the CIC’s key decisions, company law requires that certain decisions have to be made by company members (for example, a proposal to change the company name or change any aspect of the memorandum and articles).
- 7.3 To hold a general meeting, there must be a ‘quorum’ (minimum number of company members) present. A CIC general meeting needs a quorum of ten company members (or 5% of the total, whichever is less) to be quorate.
- 7.4 Voting at a general meeting is normally by a show of hands, with each member having one vote. In the event of a tie, the Chair gets a second or casting vote to reach a decision.

- 7.5 Most decisions are 'ordinary resolutions', which need more than half of the members present at a quorate meeting to vote in favour. Some issues may require a 'special resolution', which need 75% or more of the members at a quorate meeting to vote in favour.
- 7.6 Article 24 sets out how a company member can appoint someone to attend and vote on their behalf, by proxy.
- 7.7 Article 25 allows for CIC members to make some decisions in writing, without the need to meet in person. This can be very useful, saving the time and cost of calling a physical meeting, and allowing decisions to be made more quickly than might otherwise be the case. Voting on a written resolution works exactly the same as for a physical meeting.

8 Articles of association – part G (Directors)

- 8.1 This part sets out how CIC directors can be appointed (Article 27) and removed (Article 29). Article 28 contains a summary of directors' main legal duties.
- 8.2 Article 31 covers conflicts of interest. Generally, if a director is unsure whether or not something amounts to a conflict, then they should declare it.
- 8.3 Article 30 sets out the process for dealing with any complaints about the conduct of a CIC director.

9 Articles of association – part H (Board meetings)

- 9.1 Articles 32 and 33 explain the function and powers of the CIC board.
- 9.2 Board meetings must have at least one third of the total number of directors present, of which the majority must be residents. If there are not enough directors present for the meeting to be quorate, those present can still meet and have discussions, but any decisions made shall not bind the company unless and until they are ratified by a future, quorate meeting.
- 9.3 On issues discussed at board meetings, each director gets one vote. In the event of a tie, the Chair can exercise a second or casting vote if s/he chooses.
- 9.4 Article 36 summarizes the role of the Chair and Vice-Chair, and how the board appoints them.

9.5 The board can set up committees and working parties and invite observers to any of its meetings. Observers may be invited to speak and give their views, but they are not entitled to vote.

9.6 The board can also pass written resolutions instead of meeting face-to-face.

10 Articles of association – part I (Officers)

10.1 The Companies Act 2006 makes the appointment of a Company Secretary optional.

10.2 Article 41 allows the board to purchase indemnities for the company's officers and employees.

11 Articles of association – part J (Statutory and miscellaneous)

11.1 This section contains a series of general provisions covering things like annual filing requirements (Article 43), document signing (Article 45), and the service of notices (Article 46).

Model agreement - for residents and the Council to sign

Items in green to be edited by the user

(Area)
Local Management Agreement
for (service)

Local Management Agreement

This agreement sets out how [\(residents/group/association/company\)](#) will provide the [\(service\)](#) at [\(area\)](#), for the benefit of all residents there, for a period of [\(period up to 12 months\)](#).

The agreement is made under Section 27 of the Housing Act 1985, which enables local authorities to delegate part of their statutory housing duties [\(housing associations should delete this paragraph\)](#).

1 Who's involved

The agreement is between:

- [\(residents/group/association\)](#)

and

- [\(Council\)](#) (the Council).

[\(Association\)](#) is an unincorporated, non-charitable, not-for-profit association - [\(Company\)](#) is a community interest company established for the single purpose of providing the [\(service\)](#) set out in this Agreement. It and its [trustees/directors](#) and members are governed by an agreement dated [\(date\)](#).

2 What's involved

The [\(residents/group/association/company\)](#) will themselves, or through a competent contractor provide the [\(service\)](#) for the area marked on the plan attached at appendix 1.

The Council will pay the [\(residents/group/association/company\)](#) to provide the [\(service\)](#) as set out in section 6 of this agreement, subject to satisfactory performance and meeting the other standards and obligations of the agreement.

3 Timing

The agreement runs from [\(date\)](#) until [\(date\)](#). The agreement may be extended from [\(date\)](#) for up to 12 months at a time, up to a maximum of [\(period up to five years\)](#) after its original start date, by negotiation and written agreement between the parties. If extending the agreement would take the total value since the start date above the EU threshold limit (around £160,000), it must be subject to fresh local consultation and a new agreement. Councils may also require a fresh approval under Section 27 of the Housing Act 1985 for agreements extended beyond five years.

Any other proposal to continue the agreement beyond five years from its original start date must also be subject to new consultation, agreement and (for councils) Government approval.

4 Objectives of the agreement

The key objectives of the agreement are to:

Items in **green** to be edited by the user

- (objectives)

5 Standards

The key service standards are:

- (standards)
-

These standards are explained in more detail in the specification for the work attached at appendix 2.

6 Money

The Council will:

- Pay the (residents/group/association/company) (£amount) for the first year, in four equal quarterly instalments of (£amount), paid in advance.
- Increase the quarterly payments by the current retail price index each year, on the anniversary of the start of the agreement.
- Pay the (residents/group/association/company) an extra bonus of (£amount) on the (number) anniversary of the start of the agreement, as long as it remains in force, and the service has met the agreed standards.

The (residents/group/association/company) will:

- Keep written records of all financial matters relating to the agreement, and allow the Council to inspect or audit these if it gives reasonable written notice.
- Prepare and send the Council an annual financial statement of the service no longer than three months after each anniversary of the start of the agreement.
- Keep written records of any VAT paid to contractors and suppliers under the Local Management Agreement, and their VAT registration numbers. The (residents/group/association/company) will report this regularly to the Council, so that it can be reclaimed from HM Revenue & Customs.
- Ensure that it pays no more than a reasonable market rate for provision of the services specified in appendix 2, having regards to value for money and the Council's own costs.

7 A fair service

The (residents/group/association/company) and any contractors will provide the service so that it, and all related practices, are sensitive to the needs of the local community, and do not unfairly disadvantage or discriminate against anyone.

8 Use and clawback

The (residents/group/association/company) must only use money received under this agreement in accordance with Clause 6. Any property provided by the Council for use by the (residents/group/association/company) to provide the service shall only be used for that purpose in accordance with this agreement. Any change to the

intended use of this money and/or property can only be made with the prior written consent of the Council.

If the (residents/group/association/company) does not use the money and /or property for the agreed use, then the Council may:

- withdraw future payments of funds;
- suspend payments while it investigates use of the funds and/or property; and
- the (residents/group/association/company) may be required to repay all or part of the funds received, plus any additional losses, charges or expenses incurred by the Council as a result of the change of use.

9 Dealings with property

The (residents/group/association/company) shall not charge, sell, lease, let, hire, exchange, or otherwise deal with or dispose of any property belonging to the Council provided for use by the (residents/group/association/company) in delivering the services, without the prior written consent of the Council.

10 Insurance and indemnity

The (residents/group/association/company) or its contractor will arrange and maintain the following insurance cover:

- Public liability to (£amount) to cover personal loss, damage or injury
- Fidelity to (£amount) to cover fraud, theft and mishandling of money
- Employer's liability to (£amount) to cover claims by employees for injury or unfair treatment
- Trustee's/director's indemnity to (£amount) to cover trustees for legal liability arising from claims against their actions
- Contents to (£amount) to cover theft, damage and loss of equipment and materials.

The (residents/group/association/company) will keep written records of all insurance matters relating to the agreement, and allow the Council to inspect these if it gives reasonable written notice.

The (residents/group/association/company) indemnifies the Council against all actions, claims, and costs arising from this agreement, unless they relate to the Council being negligent.

The Council indemnifies individual trustees of the (association/company) against personal liability and claims arising from operation of this agreement, so long as they act honestly, and in good faith. This indemnity is limited to (£amount) for each individual per year.

11 Health and safety

The Council will:

- Provide training for the (residents/group/association/company) and its contractor(s) on relevant health, safety and welfare law and practice.

Items in **green** to be edited by the user

The **(residents/group/association/company)** and its contractor(s) will:

- Carry out risk assessments and comply with the relevant health and safety laws and regulations set out in appendix 3.
- Keep written records of all health and safety matters relating to the agreement, and allow the Council to inspect these if it gives reasonable written notice.
- Promptly report any serious health and safety problems or incidents to the Council.

12 A quality service

The **(residents/group/association/company)** and its contractor(s) will allow the Council to inspect its work under this agreement at any reasonable time on receiving 24 hours' notice.

The Council will tell the **(residents/group/association/company)** in writing if there are any shortfalls in the service. The **(residents/group/association/company)** will then put right any shortfalls within one month. If the **(residents/group/association/company)** cannot put things right, it will refund the Council any costs arising from the shortfalls.

The **(residents/group/association/company)** will keep written records of all complaints about the service provided under this agreement, and the action it takes in response.

13 Nature of the organisation

The **(residents/group/association/company)** shall notify the Council immediately if the nature of the organisation delivering the services is to change.

The **(residents/group/association/company)** shall not, during this agreement, change its constitution, governing document or Articles of Association without consulting the Council in advance. The Council reserves the right to terminate this agreement in accordance with clause 16 if it reasonably believes that the changes will have an adverse impact on the services being delivered.

14 Changing the agreement

Either the Council or the **(residents/group/association/company)** can ask for a change to the agreement by requesting this in writing to the other party. Both parties will consider any reasonable suggestion to change the agreement. Both parties must sign a new, amended version of the agreement to confirm any changes.

The **(residents/group/association/company)** cannot in any way pass on the rights and obligations of the agreement, or any part of it, to anyone else, unless the Council agrees in writing, and as allowed in the rules governing the **(association/company)**.

If substantial changes are proposed to the homes and area covered by the agreement, or services provided by the **(residents/group/association/company)**, the agreement must be brought to an end by three months' written notice from either

party, to allow for local consultation and a new agreement and (for councils) Government approval under Section 27 of the Housing Act 1985.

15 Disputes and notices

If either the Council or [\(residents/group/association/company\)](#) fails to meet its obligations under this agreement, the other party may give them written notice, allowing at least one month for the failure to be put right.

If the problem is not resolved, either party can:

- [Request independent mediation to resolve the dispute](#)
- Or
- [Request binding independent arbitration to resolve the dispute](#)
- Or
- [Bring the agreement to an immediate end by confirming this in writing to the other party.](#)

The Council may take direct action to provide or maintain services if the [\(residents/group/association/company\)](#) disbands, or in any way otherwise fails to meet its responsibilities or provide the services set out in the agreement. In this case, the Council shall assume all the rights, responsibilities and liabilities of the [\(residents/group/association/company\)](#) in respect of the Local Management Agreement.

16 Ending the agreement

Either party can end the agreement at any other time, by giving the other at least three months' notice in writing.

The agreement must be brought to an end if the homes covered by the agreement, or a majority of them become subject to a Tenant Management Organisation. The Council will give written notice to the [\(residents/group/association/company\)](#) if a Tenant Management Organisation intends to take over some or all of the responsibilities and services provided under the agreement. This notice will bring the Local Management Agreement to an end three months from the date it is served.

If either party decides to end the agreement, the [\(residents/group/association/company\)](#) must also terminate any contracts or supplies connected with the services provided under the agreement. The [\(residents/group/association/company\)](#) must report any problems arising from this process promptly to the Council.

At the end of the agreement, the [\(residents/group/association/company\)](#) must pass all records and documents relating to the service to the Council. The Council is deemed to have ownership and copyright of all records and documents from the date the agreement ends.

The [\(residents/group/association/company\)](#) must repay any allowance to the Council which has been paid in advance which goes beyond the agreed termination date.

Items in **green** to be edited by the user

17 Contacts

Trustee(s) for the **(residents/group/association/company)**:

Name(s)

Address(s)

Telephone

Email

Address for the service of notices on the **association/company**:

Address

For (Council):

Name

Job title

Address

Telephone

Email

18 Appendices

- 1 Plan of area covered by the agreement
- 2 Specification of works
- 3 Health and safety requirements
- 4 Form of contract to employ contractors to provide all or part of the service.

19 Signatures

For **(residents/group/association/company)**:

Name(s)

Signature(s)

Date

For the Council:

Name

Signature

Date

Model contract - for residents to agree and sign with a contractor or supplier

Items in green to be edited by the user

Contract for (services)
provided at (area)
under a Local Management
Agreement

Items in **green** to be edited by the user

Contract

This contract sets out how **(contractor)** will provide the **(service)** to residents at **(area)**, for a period of **(period up to 12 months)**.

1 Who's involved

The contract is between:

- **(residents/group/association/company)** (the client)

and

- **(contractor)** (the contractor)

The client is authorised to enter into this contract by a Local Management Agreement dated **(date)** with **(Council)** ('the Council'). For councils, this agreement is made under Section 27 of the Housing Act 1985.

(Council) has exclusive third-party rights to this contract, and can enforce any of the terms of the contract under The Contracts (Rights of Third Parties) Act 1999.

2 What's involved

The contractor will provide the **(service)** specified in appendix 2 at **(area)** to the areas marked on the plan attached at appendix 1, under the Local Management Agreement with the Council.

The client will pay the contractor **(£amount)** per **(period)** **(including/excluding VAT)** for the service, as set out in section 6 below, subject to satisfactory performance and meeting the standards and obligations set out in this contract.

3 Timing

The contract runs from **(date)** until **(date)**. The contract may be extended from **(date)** for up to 12 months at a time by negotiation and written agreement between the parties, up to a maximum of five years after its original start date, as long as the Local Management Agreement remains in effect.

4 Objectives of the contract

The key objectives are:

- **(objectives)**

5 Standards

The key service standards are:

- **(standards)**

These standards are explained in more detail in the specification for the work attached at appendix 2.

The contractor must get approval from the client before carrying out any extra works outside the scope of the specification. The client will not pay for any unauthorised extra work.

6 Money

The client will:

- Pay the contractor (£amount) (including/excluding VAT) for the first year, in (twelve/four) equal (monthly/quarterly) instalments of (£amount), paid in arrears on receipt of a written invoice.
- Increase the (monthly/quarterly) payments by the current retail price index each year on the anniversary of the start of the agreement, or by any other amount mutually agreed in writing between the parties when the contract is extended or renegotiated.
- Be entitled to charge reasonable damages for demonstrable loss of income or facility and inconvenience caused by the contractor's action, fault or neglect.

The contractor will:

- Prepare and send the client an itemised invoice for the service within (7/28) days of the end of each (month/quarter) during the period of the contract.
- Be entitled to charge interest at (%) on any amounts due from the client which are outstanding more than (number of days) from the date the invoice was received.
- Provide details of their VAT registration number, if applicable.
- Provide details of their status under the Inland Revenue Construction Industry Tax Deduction Scheme, if applicable.

7 A fair service

The client and contractor will provide the service so that it, and all related practices, are sensitive to the needs of the local community, and do not unfairly disadvantage or discriminate against anyone.

The contractor must produce and implement a written statement to demonstrate that they are committed to equality. The contractor also agrees to observe the client's equality and diversity policy.

Apart from the Council, the contractor will not disclose the terms of this contract to a third party without the prior express written permission of the client.

The contractor will not enter into any price-fixing agreement or otherwise act in any anti-competitive manner that might affect the probity of this contract or the quality and value for money of the service.

Items in **green** to be edited by the user

8 Insurance and indemnity

The contractor will arrange and maintain the following insurance cover:

- Public liability to (£amount) to cover personal loss, damage or injury
- Fidelity to (£amount) to cover fraud, theft and mishandling of money
- Employer's liability to (£amount) to cover claims by employees for injury or unfair treatment
- Professional indemnity to (£amount) to cover claims against the contractor's actions
- Contents to (£amount) to cover theft, damage and loss of equipment and materials.

The contractor or its broker will provide written confirmation of its insurance cover if the client requests it.

The contractor indemnifies the client and the Council against all actions, claims, and costs arising from this agreement, except if they relate to the client or the Council being negligent.

9 Health and safety

The client and contractor will:

- Carry out risk assessments and comply with the relevant health and safety laws and regulations set out in appendix 3.

The contractor will:

- Maintain safe working practices at all times
- Keep written records of all health and safety matters relating to this contract and allow the client and/or the Council to inspect these if it gives reasonable written notice
- Promptly provide any reasonable information related to health and safety requested by the client and/or the Council.
- Report any serious health and safety problems or incidents related to this contract promptly to the client.

10 A quality service

The contractor will exercise the appropriate skill, care and diligence that could be reasonably expected of a competent contractor for a service of this scope and nature.

The contractor will not use any sub-contractors or other indirect labour to provide the service without the prior, express written permission of the client.

The contractor will allow the client and/or the Council to inspect its work under this contract at any reasonable time on receiving 24 hours' notice.

The client will tell the contractor in writing if there are any shortfalls in the service. The contractor will then put right any shortfalls within one month. If the contractor cannot put things right, it will refund the client any reasonable costs arising from the shortfalls.

The contractor will cooperate with and act upon any reasonable systems that the client uses to gather customer feedback on the quality of service provided by the contractor.

The client will keep written records of all complaints about the service provided under this agreement, and the action it takes in response. These records will be available for inspection by the contractor at any reasonable time on receiving 24 hours' notice.

11 Changing the contract

Either the contractor or the client can ask for a change to the contract by requesting this in writing to the other party. Both parties will consider any reasonable suggestion to change the contract.

Both parties must sign a new, amended version of the contract to confirm any changes. Any changes are subject to the Local Management Agreement with the Council still being in effect.

The contractor cannot pass on the rights and obligations of the contract, or any part of it, to anyone else, unless the client agrees in writing.

The client cannot pass on the rights and obligations of the contract, or any part of it, to anyone else, unless the Council agrees in writing.

12 Disputes, notices and ending the contract

If either the contractor or client fails to meet their obligations under this contract, the other party must tell them in writing, and allow at least one month for the failure to be put right.

If the problems are not resolved, the contractor or client can then bring the contract to an immediate end by confirming this in writing to the other party.

Either party can end the contract at any other time, by giving the other at least three months' notice in writing.

The agreement must be brought to an end if the Local Management Agreement under which the services are provided expires or terminates for any reason.

If the contract is brought to an end, the parties will carry out an accounting exercise to calculate any work or payments outstanding and pay any sums due on receipt of a written invoice.

Items in green to be edited by the user

13 Contacts

For the client:

Name

Address

Telephone

Email

For the contractor:

Name

Address

Telephone

Email

14 Appendices

1 Plan of area covered by the contract

2 Specification of works or services

3 Health and safety requirements

4 The client's Local Management Agreement with the Council dated (date)

15 Signatures

For the client:

Name

Signature

Date

For the contractor:

Name

Signature

Position

Date

Glossary

Accounts

Regular, written records of actual income and spending for a Local Management Agreement.

Arbitration

Binding review and decision by an independent expert, to resolve a dispute between two or more parties.

Arm's Length Management Organisation (ALMO)

A council-owned company set up to improve and manage local authority homes.

Award(s)

Recognition of exceptional performance, innovation or achievement arising from a Local Management Agreement.

Big Society

Government plans to put more power and opportunity into people's hands.

Budget

Annual income and spending plan for a Local Management Agreement.

Chartered Institute of Housing

Professional membership and trade body for people working in housing.

CityWest Homes

The Arm's Length Management company that runs local housing services in the City of Westminster and pioneered local management agreements.

Community interest companies

Companies created for people to run a business for community benefit.

Consultation

Research to discover the views of local residents about a proposed Local Management Agreement.

Contract

Written, legal agreement to provide services under a Local Management Agreement.

Core statement

Short, initial form of words to describe why a Local Management Agreement is proposed.

Council

Elected local housing authority - usually City, District or Borough. All references to 'the Council' in the toolkit mean the local authority where homes covered or potentially covered by a Local Management Agreement are located, or a registered housing provider managing homes in a similar way.

Data protection

Duties to handle personal and confidential information under the Data Protection Act 1998.

Deficit(s)

Losses made by spending more on services than is received in income from the Council.

Department for Communities and Local Government

Central Government department responsible for housing policy and local government.

Detailed plan

Advanced proposals for a Local Management Agreement produced by residents.

Diversity

Aspects of difference in a community (for example, race, ethnicity, age, culture, gender).

Dowry(ies)

Amount paid to residents by a council when they take responsibility for a local service.

Equality(ies)

Respecting differences fairly .

Estimate(s)

Non-binding forecasts of the likely costs of providing a service.

Health and safety

Duties, responsibilities and practices to protect the welfare of anyone affected by a Local Management Agreement.

Health and Safety Executive (HSE)

Government agency responsible for implementing health, safety and welfare legislation and good practice.

Housing Act 1985

Principal Act of Parliament governing local authorities' housing duties and powers.

Housing association

An independent, not-for-profit housing provider registered with the Social Housing Regulator.

Housing Benefit

State benefit covering housing and related costs administered by local councils.

Indemnity

Immunity from or compensation for legal claims arising from a Local Management Agreement.

Innovation into Action

Funding programme to develop best practice in local authority housing.

Glossary

Insurance

Protection and financial cover against legal claims arising from a Local Management Agreement.

Landlord

A council or other registered housing provider letting homes on Secure or Assured Tenancies or leases.

Liability(ies)

Potential legal and financial responsibilities arising from a Local Management Agreement.

Local choice, local control

The Government's statutory guidance on tenant management for councils.

Local Management Agreement

An agreement to provide local housing services between local residents and a Council made under Section 27 of the Housing Act 1985.

Localism

Government plans to devolve service and decision making to community level.

Mediation

Structured discussion with an independent person to resolve a dispute between two or more parties.

Monitor(ing)

Regular review of performance and finances to control services under a Local Management Agreement.

Object(s)

The purpose of a Local Management Agreement or unincorporated association.

Outline plan

Initial scope and proposals for a Local Management Agreement produced by residents.

Quote(s)

Binding cost proposals to provide a service.

Residents' choice

The Government's non-statutory guidance on tenant management and other options for greater resident control.

Right to Manage

Legal framework for council residents to set up a Tenants Management Organisation to control local services.

Risk(s)

Potential problems and hazards arising from a Local Management Agreement.

Service charge(s)

Amounts payable by residents for local communal housing services (for example, cleaning, caretaking and gardening).

Social Housing Regulator

Government agency responsible for registering social housing providers and regulating their activities. The Homes and Communities Agency takes over this role from the Tenant Services Authority in April 2012.

Specification

Details of services, standards or materials provided under a Local Management Agreement or contract.

Stock transfer

Change of ownership and management of council homes to a housing association or other provider.

Surplus(es)

Profits made by reducing the cost of services below the income received from the Council.

Taking Charge

Project led by CityWest Homes to develop Local Management Agreements as a national model for resident involvement.

Tenant Management Organisations (TMOs)

Resident-led and controlled housing management created under the Right to Manage.

Tender(ing)

Obtaining proposals and costs from contractors to provide services under a Local Management Agreement.

Test(ing) support

Consultation with local residents about a proposed Local Management Agreement.

Trustees

Members of an unincorporated association who take on responsibility and liability for its activities under a Local Management Agreement.

TUPE

Transfer of Undertaking (Protection of Employment) regulations - governing the transfer of public sector staff working in services transferred to other providers.

Unincorporated association

A non-charitable, not-for-profit, single purpose residents' group set up to run services under a Local Management Agreement.

Case study

Local management agreement case study

CityWest Homes - Bayswater, London

CityWest Homes actively encourages its residents to set up local management agreements for cleaning, gardening and external painting projects.

In Bayswater, London W2, an enthusiastic group of residents have a local management agreement to look after their communal gardens. They've created a lovely, peaceful place where residents can relax and forget about the outside world.

Christine Williams, who looks after the project on behalf of the residents' group said: "The gardens were looking a little tired. When we saw the money involved in maintaining them, we thought we could get a better, more personal and improved service by doing the work ourselves. We no longer have a contractor, we have a gardener who enjoys working for us – and residents really appreciate the effort that is being put in. We're making savings that can be reinvested into the community."

Christine has spoken about the benefits of local management agreements at conferences across the country. She passionately believes that residents taking control of services increases community cohesion and drives down costs.

CityWest Homes is consulting with residents in surrounding streets to review the agreement and get more people involved.

For more information, contact Mervyn Thomason, CityWest Homes Community Involvement Team on 020 7245 2348 or mthomason@cwh.org.uk. To download more information about City West Homes' local management agreements go to <http://www.cwh.org.uk/tenant-services/my-community/local-management-agreements/>



CITYWEST HOMES

