

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA**HOUSING AND PROPERTY SCRUTINY COMMITTEE****12 JULY 2012****REPORT BY THE DIRECTOR OF HOUSING AND TOWN CLERK AND
EXECUTIVE DIRECTOR OF FINANCE****REPORT ON TMO PERFORMANCE 2011/12 AND TMO
PERFORMANCE AGREEMENT 2012/13**

The purpose of this report is to introduce two documents; the TMO Performance Review 2011/12 that considers RBKC Tenant Management Organisation's (TMO) performance against a range of indicators and audits for 2011/12 and the TMO Performance Agreement for 2012/13 which sets out the performance expectation for the coming year.

FOR INFORMATION**1 INTRODUCTION**

- 1.1 The management of the Council's housing stock is delegated to the TMO through the Modular Management Agreement. The monitoring framework looks at the activity and achievements of TMO through a suite of performance indicators (PIs) and programme of audits, and a higher level overview of projects and initiatives based on an annual, medium and longer term basis which meet both organisations' corporate priorities, government policy and residents' wishes.
- 1.2 In Appendix 1 of this report (page 5) the framework is used to look back at the performance of the last year in the Annual Review 2011/12 against the key priorities set out in the Performance Agreement for 2011/12 (and updated in the six month report to the Scrutiny Committee on 10 November 2011). The second part of the report, Appendix 2 (page 21), the Performance Agreement 2012/13, looks at the work programme and priorities for the coming year and sets out the performance targets that the TMO is expected to achieve during the year.

- 1.4 The Performance Agreement for 2012/2013 which the Council will utilise in monitoring the TMO has now been agreed with the TMO. Monitoring of the Agreement will take place quarterly and will be reported to regular meetings with the Director of Housing and TMO Chief Executive. Progress against the Performance Agreement will be reported at the end of quarter two to the Cabinet Member for Housing and Property and to Scrutiny Committee.

2 TMO PERFORMANCE 2011/12

- 2.1 Appendix 1 gives an in-depth over view of the performance and joint working. In brief the TMO achieved the targets on nine of the twelve PIs which is encouraging. These include repairs, re-lets, leasehold collection rates and longer term rent arrears collection. Rent collection rates missed the target by 0.6%, whilst two of the capital works PIs (Decent Homes and Energy Efficiency), which did not achieve their targets for a second year, reflect the issue of limited capital available for investment in the stock.
- 2.3 The audit programme shows one substantial and eight satisfactory assurance levels. There are a further two audits in draft. All but one of the audits are considered medium risk by the Council's audit team. The responsive and void repairs were considered high risk because the contractor was not achieving the correct level of post inspections and this required more robust monitoring. Subsequently additional scrutiny was imposed but as para 5.2 (Appendix 1) describes the contractor has now terminated the contract.
- 2.4 Other activities include:
- Joint working on the Business Change project, constituted to ensure the organisations were prepared for Self-financing, to look in depth at Asset Management projects such as regeneration of the Silchester Estate and Hidden Homes and to provide greater efficiencies and value for money from the service
 - the TMO's review and refresh of its Business Plan
 - Award of housing management contract for the Travellers' site
 - Completion of the digital television programme
 - Involvement in the Council's Worklessness Initiative
 - On-going fire risk assessments
 - A review of complaints processing.

3. CONCLUSION FOR 2011/12

- 3.1 Many areas of the TMO's business have seen growth but it has been a challenging year in terms of dealing with the termination of the repairs contract. There has been expansion in to new areas such as management of the Travellers site and gearing up to deliver new "Hidden Homes" units on Council estates. There has been consolidation of existing business processes such as governance arrangements, resident engagement, financial management, restructuring of teams, investing in staff and adopting new working practices all of which ensures that the TMO is in a good position for delivering the Borough's priorities in respect of housing services and providing wider benefits for residents.

4. THE PERFORMANCE AGREEMENT FOR 2012/13

- 4.1 The Performance Agreement for 2012/13, attached at Appendix 2, sets out the work plan and objectives for the coming year. As well as achieving the targets against the housing PIs and meeting the requirements of the audit programme the TMO will also be contributing to the following projects:

- Introducing new tenancy policies and working within the Council's tenancy strategy
- Managing the changes brought in through Welfare Reform for Council tenants
- Operating within the self financing regime to generate additional capital resources for regeneration and improvement of the stock
- Increased resident involvement with the embedding of the Localism Act

5. CONCLUSION FOR 2012/13

- 5.1 A busy year is expected in terms of investment and growth for both the TMO and the Council. There will be decisions made about the assets, regeneration, sheltered housing and investment in digital services. There will also be changes for residents in terms of welfare reform and tenancy policies. Fortunately the TMO has a very strong core business in terms of tenant focus and scrutiny and delivery of housing services which will put it in a good position to work with the Council on these new opportunities.

FOR INFORMATION

Laura Johnson

Director of Housing

Nicholas Holgate
Town Clerk and Executive Director of Finance

Background papers used in the preparation of this Report: None

Officer contact: Celia Çaliskan, General Needs Housing Commissioning Manager

Tel: [REDACTED] **E-mail:** celia.caliskan@rbkc.gov.uk

REPORT ON TENANT MANAGEMENT ORGANISATION PERFORMANCE 2011/12

1. Executive Summary

- 1.1 The TMO's performance across a range of housing services areas has been good this year. There have been challenges but these have been handled effectively and have caused little or no impact on the delivery of services to tenants. Performance against targets and audits has been maintained for a second year running with eight of eleven PIs meeting their targets and all completed audits being satisfactory assurance or above. There have been positive outcomes for a number of projects particularly the Business Change Project, refreshing the Business Plan, fire safety and digital TV.

2. Purpose of the Report

- 2.1 The purpose of this report is to assess the TMO's performance over the last year, commenting on the various aspects of their activity in the borough which contribute to the Council's strategic priorities through performance information, audits and the TMO's Business Plan.

3. Performance Information

- 3.1 The TMO regularly reports to the TMO Board and Executive Team using a dashboard of Performance Indicators which gives clear messages about the performance of different aspects of their service. These PIs also form part of the Council's own Housing PI Suite. The table at Appendix A shows the outturn figures for the TMO PIs for 2011-12 against the performance from the previous two years 2009-10 and 10-11, and where available the upper quartile benchmark from the Housemark ALMO Performance club.
- 3.2 The data shows of the twelve PIs monitored this year, nine achieved the targets set at the start of the year; three PIs did not achieve the targets. Two of these are in relation to capital works (Decent Homes (NI 158) and Energy Efficiency (L4101)) which are both dependent on the level of capital investment. It should be noted that the capital programme (L4123) achieved a spend of 98.7% last year. The issue of funding for Decent Homes and energy efficiency will be addressed in the Performance Agreement for 2012/13. The rent collection and arrears recovery PI (L4103) has been affected by the rent increases however the TMO officers are managing to control high level rent arrears and preventing mid-

level arrears as demonstrated by PI L4104, which is at its lowest level since the PI was introduced in 2005/06.

- 3.3 The repairs PI was changed last year to reflect the residents' wishes to see a First Time Right PI. This has been monitored and the 90% target achieved but the TMO has raised concerns about the quality of the data coming from their contractor, Morrisons. This PI will be suspended until the monitoring and calculations methods can be addressed with the replacement repairs contractor.
- 3.4 Despite the issues with Morrisons the void turn around and re-let times have continued to improve. PI L4108 is now just below the target at 23.95 days. This has been achieved through weekly review meetings identifying issues before they impact on performance. The Home Ownership PIs in respect of collection of service charges and major works have all achieved and exceeded their targets.
- 3.5 The satisfaction survey is undertaken on a bi-annual basis so no survey was carried out this year. However the TMO in Touch survey that was carried out in the later part of 2010, reported in 2011, and received the views of 2200 residents, showed an increase in satisfaction of 13% over the 2008 Status survey. The TMO is currently considering which vehicle to use for a future survey, a generic or tailor-made survey.

4. Audits

- 4.1 The table below shows the audit programme for 2011/12, these have been carried out by the Council for the TMO. Of the fourteen audits conducted the assurance levels given were one substantial, eleven satisfactory and two draft. All audits were shown to be a medium risk with the exception of Responsive and Void Repairs, which was considered high risk because there needed to be a more robust approach to the lack of post inspections by the contractor Morrisons. This issue is addressed further in 5.2.

Audit Title	Assurance Level Provided to Management	Risk to the TMO
Leasehold Income Collection and Debt Recovery	Substantial	Medium
Major Works Backlog	Satisfactory	Medium
Responsive and Void Repairs	Satisfactory	High
Lancaster West Estate	Satisfactory	Medium

Cavity Wall Insulation Capital Contract	Satisfactory	Medium
Neighbourhood Management	Satisfactory	Medium
Data Security and Electronic Data Management System	Satisfactory	Medium
Capita Housing Application	Satisfactory	Medium
Sundry Heating Capital Contract	Satisfactory	Medium
Garage Lettings	Satisfactory	Medium
Strategic Property Management	Satisfactory	Medium
Capital Programme	Satisfactory	Medium
Services Charges / Major Works	Draft Report Issued to be Finalised	
Rents	Draft Report Issued to be Finalised	

5. Capital Programme & Repairs

- 5.1 In last year's report the Capital Programme spend reported only 83% spend, this year however with improved processes and a level of over-programming included the TMO has achieved a 98.7% spend. Areas of significant spend have been on kitchens and bathrooms (Decent Homes work), including Nursery Lane and Whitchurch House, boiler and lift replacements, fire safety works and number of structural and external repairs.
- 5.2 The TMO's repairs contractor Morrison who have been working in the borough since 2009, served notice of the termination of the repairs contract with the TMO in March this year. The Company used a break clause in the contract to end the relationship; this was on the back of the TMOs on-going concerns about the levels of service being provided. The TMO is currently looking to secure a replacement contractor and it has been able to reassure residents, via the website, that the process should not impact on their service.
- 5.3 As part of the TMO's Business Plan the team that manages the Capital Programme has been re-structured over the last six months. This is expected to provide further opportunities for improvement and efficiencies, in particular supporting the Council with its future decisions around asset management of the stock.

6. Business Change Project

- 6.1 This project was initiated in 2011 to ensure that the outcomes from the Stock Finance and Development Project were implemented, mainly that the HRA did not go in to deficit. This was achieved by increasing rents to the transitional rent level and identified efficiency savings. The project group has met regularly to ensure that there was a shared commitment to the three workstreams and this has resulted in some significant achievements.

6.2 Self financing

- 6.2.1 To achieve this, an adjustment of each local authority's historical debt has taken place, so that the level of debt supported by an authority is sustainable from its own resources. This resulted in the Royal Borough making a capital payment of £24.96 million to central Government on 28th March 2012. The new regime gives local authorities more certainty over the sources of funding available to the Housing Revenue Account but also transfers responsibilities to local authorities e.g. local authorities must meet all capital financing charges which were previously met through housing subsidy.
- 6.2.2 As part of the 2012/13 rent setting report, a Business Plan for the next five years was published. This suggested that the HRA was not expected to go into deficit and indeed surpluses of approximately £24 million could arise at the end of the first five years of the new arrangement. Officers are currently developing a Capital Plan which will look at the future spending needs within the HRA. This will also look at options for funding such spending requirements. The intention is to present the Capital Plan to the Scrutiny Committee for discussion later in the year.

6.3 Asset Management

- 6.3.1 The Council's focus this year has been upon reviewing opportunities within the HRA stock to provide additional new homes. This is known as the 'Hidden Homes' programme. The TMO has initiated work in the role of developer on three sites in this programme expected to deliver between 12-14 homes, in order to deliver against the Council's ambitions to sustain affordable housing, whilst developing its own capacity to expand into new areas of work.
- 6.3.2 The TMO has led on consultation with residents across three sites, for the delivery of many new homes, and is procuring consultants and contractors to deliver works over the coming months. This will add much-needed new assets to the Council's stock.

6.3.3 Additionally the TMO is delivering investment into Grenfell Tower, derived from the disposal of vacant basement spaces at Elm Park Gardens, £ 6m of the receipts will go in to Grenfell Tower which will extend the life of the block, greatly improve its fuel efficiency and the quality of life of residents, and support the wider regeneration of the area alongside the development of a new Academy beside it.

6.3.4 The TMO has been assisting the Council to review the best use of all of its stock, and consider whether there are other blocks, estates and properties within the HRA which would benefit from targeted investment, regeneration, or disposal. Examples include the consideration of use of disused car parking areas on estates to generate income for the HRA, to support wider investment in the housing stock.

6.4 Value For Money

6.4.1 This workstream focuses on delivering savings and identifying further efficiencies. Achievements include:

- The identification of a further reduction in the TMO management fee (400k) which will be effective from 2012/13
- 4 long term contracts procured (lift, central plant and grounds maintenance and cyclical decorations)
- Review of Assets, Investment and Engineering team
- Review of all SLAs between the Council and TMO to ensure they are fit for purpose and provide value for money
- Electronic Document Management System installed
- Opening of the Blantyre office in the south of the borough
- Expansion of the Community Alarm Service project
- Successful award of Stable Way Travellers Site management contract
- An improved financial outlook from the work done on savings and the rent increases

6.5 The project meetings have now been incorporated in the Joint Management Team meetings which are co-chaired by the Director of Housing and the TMO's Chief Executive. The Business Change project forms the first part of the agenda and strategic planning forms the second half of the meeting. These meetings are held every three months. Attached at Appendix B is a schedule of the current programme of meetings between the Council and the TMO.

7. MMA

7.1 The Modular Management Agreement has been reviewed over the last year as a requirement of the Agreement itself. The review has looked the terms and content of the document to ensure that the

agreement reflects current legislation, procedures and working practice. It was reported in the mid year review that the MMA review has been affected by staff capacity issues and so has not yet been fully drawn to a conclusion. No additional changes have been identified to those reported previously, which were the allocations process being brought back in house to the Borough, the asset management function included and service level agreements reviewed and updated. It is hoped the work will be finalised shortly and confirmed through the key decision reporting process.

8. Business Plan

8.1 The TMO's Business Plan 2009/14, which set out the ambitions for the TMO in a number of service areas, was included in the Performance Agreement for 2010/11. This year the TMO has revisited the Business Plan (which is currently in draft) in order to review progress and re-focus given the legislative changes to social housing provision. The key areas that the 11/12 Performance Agreement focussed on were:

8.2 Keeping customers and residents centre stage

- The Resident Engagement Team has been restructured
- A resident engagement strategy is in place
- 16 Get On Board roadshows were held to increase engagement
- Resident engagement is a standard target for staff performance
- The customer service standards were reviewed
- The caretaking service was reviewed
- First 100% audit of tenanted properties to uncover tenancy fraud

8.3 Being competitive and increasing income

- Winning the contract for Stable Way
- Over £ 1m savings for 11/12 (see 6.4 above)
- Review of parking with the expectation of increasing income
- Increase or maintenance of collection and arrears rates

8.4 Developing organisational competence

- Governance Improvement Plan in place
- Full time Company Secretary in post
- Leadership and Staff behaviours for annual review process
- Corporate Development Programme

8.5 The re-focussed Business Plan sets out the risks, strengths, weakness and opportunities now identified as part of the review in the current economic and political climate, and it restates the TMO's values and priorities which accord with the Council's Housing

Strategy namely improving the quality of the housing and the lives of people who live there. The document will be available shortly from the TMO's website <http://www.kctmo.org.uk/>

9. Tenant Regulation

9.1 The introduction of the Localism Act in 2012 is still bringing with it further changes to the working environment for councils and social housing providers. The changes to the regulator have been implemented with the Homes and Communities Agency (HCA) now replacing the Tenant Services Authority (TSA). The HCA has recently issued guidance on Regulating the Standards, which is their approach to ensuring housing providers meet the Housing Standards originally set out by the TSA (see below):

- Tenant Involvement
- Home – the quality of the homes and the repairs and maintenance
- Tenancy – allocating homes
- Neighbourhood and Community –Value for money
- Governance and financial viability – this does not apply to local authorities only housing associations

9.2 The Council and the TMO worked closely together to produce the Annual Report to Tenants last year which demonstrates how the both organisations had met the standards and updates the local offer to tenants. This report can be found at:
<http://www.rbkc.gov.uk/pdf/Annual%20Report%20to%20Tenants%202011%20FINAL.PDF>

9.3 The Council and the TMO are still working through many of the changes and this is discussed further in the Performance Agreement 12-13, however because of the nature of the TMO the tenant regulation and scrutiny required very little adjusting because the TMO is tenant led. This is true of the requirement to have available tenant scrutiny of complaints. It was agreed by the Council, in discussion with the TMO, that it will use the existing complaints structure to provide this scrutiny. All tenants have the TMO's complaints process, the Council's complaints and member's enquiry process and referral to the ombudsman available to them.

9.4 Complaints

- A new complaints procedure was introduced on 1st April 2011 following consultations with both TMO residents and staff. The complaint response turnaround target was also increase from 80% to 90% and the complaint module of the Electronic Document Record Management System (W2) was launched.

- Between 1st May 2011 and 31st March 2012 the Complaints Team received and registered 603 service requests and complaints. There were 285 complaints, (stage 1, 2, 3, and Ombudsman investigations), and 318 service requests (stage 0).
- There were 246 stage one complaints of these 71% were responded to within target, 37 of these were escalated to stage two where 75% met the Target. One stage three complaint and one Ombudsman both met the target, 100%.
- Out of the 246 complaints that were registered, 15% of these cases went on to become a stage two, 3% escalated to stage three and one complaint was investigated by the Ombudsman. The escalation target is 20%.
- The stage one complaints represent a slight increase from last year when 219 complaints were received. The increase may be due in part to the improved complaints policy and systems for logging complaints. However the percentage escalated to the next stage has reduced considerably with 18% going to stage two and 28% of these (11 complaints) went to stage three in 2010/11
- The majority of complaints and service requests received related to services within the Customer Services Directorate where there were 523 registered cases. Complaints about repairs were the reason for the highest number of complaints with 89 cases (over 38,000 repair jobs were carried out), followed by the Customer Services Centre who received 43 cases.

10. Lancaster West Estate Management Board (EMB)

- 10.1 The TMO has continued to work with the Lancaster Estate Management Board, providing housing management services in accordance with the Modular Management Agreement the EMB holds with the Council. The working relationship has developed and been very positive; the TMO in conjunction with the EMB Board has successfully appointed a new area manager and there has been further work around restructuring of the area team to support the work of the Board and deliver cost effective housing services.

11. Silchester

- 11.1 The TMO has worked closely with the Housing Regeneration Team to take this project forward in a number of operational areas. This includes advising Peabody with regard to their proposals for

improvement on the ground floor of Frinstead House, changes to parking arrangements and the green area between Frinstead and Markland House. This joint working has laid a good groundwork for the closer management which will be needed through the next stage of the process. The TMO has also successfully begun to find alternative garage spaces for those renting garages and parking spaces which form part of the development site. KCTMO has also prioritised capital work to the Silchester Estate for both the mainstream capital programme and for a project as part of the Housing Regeneration Programme. This will enable improvements to parts of the Silchester Estate which are not directly affected by the regeneration scheme, thus contributing to a general improvement of the estate.

12. Health and Safety

- 12.1 Work has continued in the area of fire safety. Specifically, the programme of Fire Risk Assessments (FRA) throughout the entire housing stock has now been completed. Additionally, significant progress has been made with implementing the recommendations from the high and medium risk programme. In particular, the project to address fire safety issues at Trellick Tower successfully concluded and also the flat entrance door replacement programme for tenants' doors which do not meet fire safety standards is nearing its conclusion.
- 12.2 Other health and safety highlights include the reduction in employee accidents, the successful exclusion of pirate radio operatives from the roofs of our high rise blocks, top quartile performance again on gas servicing, and a programme of installation of carbon monoxide detectors in all dwellings with gas appliances / gas supply has been initiated. Full details are available in the TMO's Annual Health & Safety Report.
- 12.3 The TMO is also linked in as part of the Council's business contingency/continuity arrangements, including preparations for the Olympics.

13. Worklessness

- 13.1 The TMO is a member of the RBKC Worklessness Network, and of the newly developed Housing and Worklessness Steering Group. This group agrees the project co-ordinator's workplan for the Housing and Worklessness project. The project is designed to help

join up various worklessness projects already existing in the borough with the various social housing providers, including the TMO as the council's managing agent.

- 13.2 The TMO is working closely with the Housing and Worklessness project to prepare its forthcoming work around employment, training and young people, and has started building partnerships with Nova New Opportunities and Family Mosaic who worked together to offer training courses and employability support to residents on the Henry Dickens Estate at the end of May 2012. The TMO additionally contributes indirectly to the Worklessness agenda by providing training courses for residents on repairs, cooking and committee skills, as well as providing in-kind space for Catalyst Gateway's Pathways2Progress programme which has supported both Catalyst and TMO young residents to access mainstream provision and prepare for work.
- 13.3 Worklessness will be the focus of the second year of the TMO's successful 'Get on Board' estate roadshows. These are in the early planning stages, but will involve service providers in the borough coming together at events held across several estates managed by the TMO, in both the north and south of the borough.
- 13.4 The TMO has also worked with Newmanfrancis in partnership with Prentis Solutions on the neighbourhood workers programme. Two residents have been appointed and have joined the programme which provides an integrated programme of practical experience, resident to resident learning and formal accredited training for residents wanting to train as community workers. We additionally have a local resident funded by the London Apprenticeship scheme working in the TMO.

14. Digital TV

- 14.1 The digital TV programme started in January 2011 after a programme of consultation and over 97% of the project was completed before the switchover with listed building permission still in the pipeline for Kensal House. Over 81% of residents responded to have new sockets installed in their homes (slightly above average for digital installations) and overall there have been relatively few complaints. The switch to Digital TV in London which was phased in April caused a slight increase in calls to the call centre but overall the project has had a positive outcome.

15. Conclusion

- 15.1 Whilst it has been a challenging year in terms of dealing with the repairs contract, other areas of the business have seen considerable

growth. The TMO has gone from strength to strength in terms of its own development; there has been expansion in to new areas such as management of the Travellers site and involvement in Hidden Homes. There has been consolidation of existing business such as governance arrangements, resident engagement, worklessness and both financial and staff management, all of which ensures that the TMO is in a good position for delivering the Borough's priorities in respect of housing services and providing wider benefits for residents.

TMO PI Table – 2011-12

Appendix A

PI Ref	Title	Good is?	Vital Sign	Outturn figure 2009-10	Outturn Figure 2010-11	Outturn figure 2011-12	Target 2011-12	Upper Quartile benchmark	Trend from last year	Target met	Future targets	Commentary
NI 158	% non-decent council homes	Low	Y	1%	3%	5%	1%	0%	↑	☹	10%	Whilst the areas targeted have continued to show a higher proportion of non-decency related issues these are being offset by progressing programmes of work. Any percentage reduction of Non Decent Homes is dependent upon the availability and limit of capital funding investment
L 4101	Energy efficiency of housing stock	High	N	71	66.4	66.5	69	77	↑	☹	65	SAP rating has remained fairly static since the last quarter. Present funding constraints and the need to prioritise available capital investment on Health and Safety matters have resulted in no significant change to SAP value in 2011/12
L 4103	Rent collection and arrears recovery: rent collected	High	Y	96.6%	97.4%	97.0%	97.6%	98.49%	↓	☹	97.65%	Following an average rent increase of 8.73%, there was a small reduction in the level of rent recovery
L 4104	Rent collection and arrears recovery: seven weeks arrears	Low	N	7.71%	6.19%	5.79%	6.00%	5.3%	↓	☹	6%	Met the target for the year reflecting the work the Income Team has undertaken in controlling high level arrears and preventing mid-level arrears from increasing. The final outcome of 5.79% is the lowest figure recorded since we began monitoring this PI in 2005/06.
L 4108	Average time to re-let local authority	Low	Y	33	26.7	23.95	24	25	↑	☺	24	Performance improved in the final two quarters, reaching the year to date target in the final month. The monthly target was

	housing (days)											exceeded for every month from October onwards. The voids team continue to meet weekly to review current voids and highlight any issues impacting on performance before they have a negative impact on outturn.
L 4123	Proportion of approved housing capital investment programme spent	High	N	95.02%	83%	98.7%	100%		↑	😊	100%	The approved budget for 2011/12 was £8.660 million. Outturn expenditure at the end of March 2012 was £8.544 million i.e. an underspend of £116,000 which equates to approximately 1.3% of the overall budget.
L 4146	Collection rates - Leaseholder Service charges	High	N	112.80%	112.07%	107.45	105%		↓	😊	102.17%	This higher percentage achieved equates to debts reducing by a further £350,000 This is now the third consecutive year that the targets have been met and exceeded, reducing the overall debt by nearly £4 million.
L 4147	Collection rates - Leaseholder Major Works	High	N	136.80%	294.44%	271.60%	165.00%		↑	😊	137.12%	This is now the third consecutive year that the targets have been met and exceeded, reducing the overall debt by nearly £4 million
L 4148	Arrears collection - Leaseholder Service Charges	High	N	382,998	381,994	269,666	191,000		↓	😊	-	As above
L 4149	Arrears collection - Leaseholder Major Works	High	N	604,609	1,281,825	932,881	693,000		↓	😊	-	As above
H2	Repairs: Right first time	High	Y	-	-	94.20%	90.0%	96.8%	new	😊	-	Although we are reporting performance of 94.20% there were issues with data quality and sample groups by Morrison. Following the contract termination notice from Morrison this PI is suspended until new arrangements are in place.

H4	Local authority tenants' satisfaction with housing management services.	High	N	66%	79%	NA					-	Status survey not undertaken in 2011-12. A decision regarding whether to participate is due by Quarter 2 (2012-13)
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Meetings with the TMO

Appendix 2

	Meeting	Frequency	Council Attendees	TMO Attendees
1	Councillor's Digest High level discussion of policy, strategy and performance	Monthly	Cabinet Member for Housing, Director of Housing	Chief Executive, Director of Customer Services and Head of Strategy and Engagement
2	TMO / Director of Housing One to one discussion of policy, strategy and performance	Monthly	Director of Housing	Chief Executive
3	Joint Management Board incorporating Business Change Programme Board Project group discussing strategic issues, VFM, Income, Capital projects, Self Financing	Quarterly	Director of Housing, Senior Management Team members and Project Managers as necessary	Chief Executive, TMO Executive Team, Projects Manager and Coordinators
4	Multi-agency ASB meeting Operational group	Monthly	Noise and Nuisance Service	Neighbourhood Manager (South)
5	Complaints meeting Operational group	6 weekly	Cabinet Member for Housing	Complaints Team
6	Health and Safety Main Coordinating Committee Operational group	6 weekly	Safety Liaison Officers from each Business Group	Health and Safety Advisor
7	TMO/RBKC Voids and Allocations liaison Operational group	8 weekly	Housing Needs Group and Housing Commissioning Team	Assistant Director of Neighbourhood Service, Head of Repairs and Customer Service and Voids Officer
8	TMO/HRA Performance meeting Strategic and performance	Quarterly	Head of Housing Commissioning, General Needs Housing Commissioning Manager	Head of Strategy and Engagement, Director of Customer Services

	discussion			
9	Regeneration Project Group Operational	Monthly	Director of Housing, Strategy and Regeneration Manager,	Director of Customer Services
10	Hidden Homes	Monthly	Strategy and Regeneration Manager, Deputy Head of Planning Development, Property Services Development Surveyor	Director of Assets and Investment, Director of Customer Services
10	Homeownership Performance Operational group	Quarterly	General Needs Housing Commissioning Manager	Head of Home Ownership
11	Housing Benefits Operational group	Quarterly	Customer Services Group Leader	Rent Income Manager
12	Legal Services meeting Operational group	Quarterly	Senior Solicitor (Litigation) and the Business Manager	Projects Manager and Coordinator
13	Legal Services Annual meeting Strategic and performance group – SLA	Annually	Director of Legal Services, Chief Solicitor, Senior Solicitor (Litigation) and the Business Manager	To be agreed
14	Tenants Consultative Committee Strategic meeting	Bi-annually	Cabinet Member for Housing, Director of Housing	Chief Executive, Director of Customer Services and Head of Strategy and Engagement
15	Annual Review Strategic and performance group – past year's performance	Annually	Cabinet Member for Housing, Director of Housing, Head of Housing Commissioning	Chairman of the TMO Board, Chief Executive, Director of Customer Services, Head of Strategy and Engagement Director of Finance
16	EMB performance Strategic and performance	Quarterly	Head of Housing Commissioning, General Needs Housing Commissioning Manager	Chairman of EMB and other members Assistant Director of Neighbourhood Services

Appendix 2

TMO PERFORMANCE AGREEMENT 2012/13

1. Executive Summary

- 1.1 This year the Council expects to see a continued development of the TMO's core business. There are also challenges and opportunities around asset management and investment in the stock and close working will be essential. In terms of performance monitoring and audits there is an expectation that the considerable work the TMO has undertaken to ensure good results will continue. Residents will see changes to tenancy policies and welfare reform, as well as regeneration initiatives so it is important that resident engagement in the form of consultation, communication and availability of information are timely and accessible.

2. Purpose of Report

- 2.1 This report sets out how the performance of the TMO will be monitored over the next year in accordance with the Council's priorities and national and local drivers. There is a lot of work to be undertaken to embed the legislative changes brought in by the Localism Act, there is looking ahead at the investment in the Council stock in the new financial HRA regime and making best use of the stock, whilst delivering services that suit the needs and aspirations of the residents. As well as delivering on partnership and project work scheduled throughout the year the TMO will also continue to work with the Council within the agreed performance framework as set out in the MMA.
- 2.2 This agreement will be reviewed and a mid-year progress report produced following the end of the second quarter.

3 Key Areas of Performance

3.1 Performance Indicators (PIs)

The Performance Indicators have been refreshed this year to provide a meaningful suite. They are a mixture of previous national indicators, best value and local PIs which together demonstrate the levels of activity and health of the organisation and can be used for benchmarking purposes. The suite which forms part of the Council's Housing PIs is attached at Appendix B.

- 3.2 As stated in the Annual Review the TMO was unhappy about the quality of the data collection for the First Time Right PI, so this year

we have agreed that the "Appointments made and kept" PI HS 1 will be used as the Repairs PI until the new contractor is in place and the data quality in respect of repairs reporting can be verified. The arrears collection PIs have also been deleted because these figures did not provide an indication of performance as most leaseholder are on payment plans, however the remaining two leasehold PIs include a target for arrears collection.

- 3.3 The TMO collects a wider range of PIs that it reports to the Board and to tenants through their website. These can be viewed at http://www.kctmo.org.uk/subpage.php?main_id=8&sub_id=21&page_id=37

3.4 Audits

The draft audit programme for next year is set out below:

Service Area	Key Client	Manager	Audit
Financial Services			
Key Systems			
Financial Services			
Accounts Payable - Managed Accounts	Anthony Parkes	Rupa Bhola	Full Review
Accounts Receivable - Managed Accounts	Anthony Parkes	Rupa Bhola	Full Review
General Ledger – TMO Managed Accounts System	Anthony Parkes	Rupa Bhola	Full Review
Accounting Systems - TMO Company Great Plains	Anthony Parkes	Rupa Bhola	Full Review
Home Ownership			
Leasehold Consultation	Anthony Parkes	Daniel Wood	High Level Review
Leasehold Income / Debt recovery	Anthony Parkes	Daniel Wood	High Level Review
Customer Services			
Key Systems			
Repairs inc Voids Management and Larger Repairs / Decants	Sacha Jevans	Stuart Thompson	High Level Review
Others Audits			
HR and Organisational Development			
Complaints	Lornette Pemberton		Full Review
Fire Risk Assessments	Lornette Pemberton		Full Review
CEO			
Corporate Governance	Robert Black	Angela Bosnjak-Szekeres	High Level Review
IT			

Network Security	Anthony Parkes	Nurul Miah	Full Review
Server Infrastructure	Anthony Parkes	Nurul Miah	Full Review

4. Impact of the Localism Act

4.1 The Localism Act has brought in a number of changes to housing policy. A brief summary of the changes that impact on TMO tenants are listed below:

4.2 **Tenancy Strategy** – The Borough has to produce a tenancy strategy setting out how social housing providers will deliver housing in the borough. A draft Tenancy Strategy has been consulted widely across the borough. There are five broad principles that will be adhered to:

- Continuing to meet housing need and supporting vulnerable people
- Ensuring appropriate use of housing and tenancy options
- Promoting affordable housing options
- Promoting mobility and reducing under occupation and overcrowding
- Supporting and incentivising work and training

Flexible tenancies, which includes fixed term tenancies are being introduced as part of tenancy options by Registered Providers. The Council are currently formulating a Tenancy Policy for the Council's own stock which will be managed by the TMO. It is anticipated the policy will be in place by early 2013, with new TMO tenancies issued for fixed terms.

4.3 **Housing Ombudsman and Complaints** – As stated in the Annual Review the Act introduces an opportunity for tenants to be involved in complaints. The current TMO and Borough's complaints process are considered robust enough to comply with the Act, with planned necessary changes to take place in April 2013.

4.4 **Welfare reform**– The introduction of Universal Credit will affect over a thousand families living in Kensington and Chelsea. This reform will bring benefit caps, streamlining of processing through online direct payments and a stronger work incentive. The TMO is the largest social housing provider in the borough so some families living in their stock will see changes to their benefits and will need support to manage this.

4.5 **Mutual exchange and assignment** – The Act refreshes the Mutual Exchange scheme. The Borough already uses the HomeSwapper system but the procedures need to be reviewed and promoted to

TMO and other social housing tenants. The Borough also manages its own online mutual exchange website, which will continue.

- 4.6 **Succession and death of a tenant** – The current tenancy agreement accords with the succession of a partner only, however the TMO's policy needs to be updated for applying to recover possession of the property. As a result of the introduction of fixed term tenancies, a new tenancy agreement will need to be written.

5. Investing in the Borough's Stock

- 5.1 During 2012, a Capital Plan for the HRA is being developed. This will include consideration of the recent stock condition survey which identified that additional capital spending in excess of £50 million may be needed over the next five years. The projections are currently being refined. This shortfall partly arises from the fallout of the Decent Homes funding. In 2007/08 the capital works and repairs programme was 18m, in 2011/12 it had reduced to £ 8.5m.
- 5.2 Following the introduction of the Self-Financing regime in April 2012, a Business Plan for the next five years was published. This suggested that the HRA was not expected to go into deficit and indeed surpluses of approximately £24 million could arise at the end of the first five years of the new arrangement. (These calculations were necessarily based on a number of assumptions which could easily change over the period). This surplus may provide an opportunity to fund additional capital expenditure.
- 5.3 Under Self-Financing, local authorities are being constrained in the level of debt that can be incurred. Our debt ceiling amounts to £221m. Given our current level of debt, the borough can only borrow a further £11.4 million. Other sources of funding will therefore need to be found if the capital spending levels are to increase to the levels suggested in the stock condition survey.
- 5.4 The TMO has been asked to produce a report showing the level of investment required to achieve a minimum standard - to ensure they are wind and water tight, meet legal and legislative requirements and meet the Decent Homes standard. The TMO is also using information it holds on the asset management database Keystone to look at increased standards of provision should more funding be available.
- 5.5 The Capital Plan will suggest future spending needs within the HRA and options for funding such spending requirements. The intention is to present the Capital Plan to the Scrutiny Committee later in the year.

5.6 Two project groups with representatives from both the TMO and the Council have been set up to investigate the future investments in the Borough's stock:

- The Asset Management project focuses on better understanding the investment needs of our stock (with the stock condition survey forming a central part of the work), writing and implementing an asset management plan and developing a model for identifying estate regeneration opportunities (both large and small scale) in the borough.
- The Options for Investment project is tasked with identifying options and models for the delivery of investment in our housing stock.

6. Key areas from the TMO Business Plan 2009-2014

6.1 The TMO's Business Plan produced in 2009 has been refreshed in light of all the legislative changes. The five key aims of the plan continue to align with Housing's Service Delivery Plans so ongoing monitoring of the projects will ensure shared goals are achieved. The key aims are:

- Increase resident satisfaction and put customers at the heart of everything we do
- Raise housing standards by delivering quality and accessible services
- Protecting the assets
- Grow our business and maintain financial viability
- Improve organisational capability

7. Modular Management Agreement (MMA)

7.1 The MMA stipulates that there should be a full review of the management function every five years with particular attention to:

- the democratic standards of control and the compliance with the TMO's Rules or Memorandum and Articles of Association;
- the standards of implementation of the Equal Opportunities Policy and Procedures;
- the general efficiency of the TMO's administration and the use of the TMO's Key Performance Indicators to demonstrate the achievement of (or failure to achieve) the performance standards required by this Agreement (see clause 1);
- the TMO's standards of financial control and its financial viability (see Chapter 5); and
- Good tenancy management (see Chapter 6).

- 7.2 In the second quarter of this year a five year review will be undertaken by the Council using the above set of criteria. The review will be tailored to take in to account the Improvement Plan that was put in place in 2008/09, and will demonstrate the progress that the TMO has made since that time and will identify any gaps or areas for development. The review will also take account of the new regulatory regime.

8. Lancaster West Estate Management Board

- 8.1 The work to finalise the EMB's MMA will continue this year once the TMO's MMA review is complete. As a result the monitoring arrangements between the EMB, TMO and Council will be refreshed.

9. Health and Safety

- 9.1 Work to progress the remaining recommendations from the FRA Action Plans and also, where necessary, to review these assessments will be given priority in the coming year.
- 9.2 The programme of installation of carbon monoxide detectors in all dwellings with gas appliances / gas supply will conclude in coming period, and there will be continued work to inspect, sample and risk assess water quality to ensure legionella is prevented and legislation complied with, ongoing work to survey, sample, encapsulate / remove asbestos containing materials as necessary to control risk and ensure resident, staff and contractor safety.

10. Digital access

- 10.1 The Government has identified that residents in social housing do not have the same access to broadband and digital services as those in private and owner/occupied housing. Access to the services will provide efficiencies through delivery of e-government services and increase educational and working opportunities. To increase inclusion for tenants there is a Tri-borough Community Budgets Project being scoped and initiated now. The project is being led by Westminster Council and will look at business models and options to provide the most effective access to the internet in tenants' homes. The TMO will be working alongside the Council to ensure that the Kensington and Chelsea residents will benefit from this initiative.

11. Sheltered Housing Review

- 11.1 The TMO currently manage five sheltered housing schemes. They also provide property management to one extra care housing scheme in

the borough, from which Adult Social Care deliver services. None of the schemes meet current day design and service standards or provide the density of units that would be required to meet strategic housing objectives for the future.

- 11.2 At these sites and several other social housing providers sites there is an opportunity to develop the accommodation for older people to a much higher standard. A project will be started this year to look to increase the number and standards of units through redevelopment. The TMO will be fully engaged in shaping and delivering this project.

12. Hidden Homes

- 12.1 Sites have been identified for conversion to provide new homes for Council rent. These include a void basement area of Holmefield House on Hazlewood Crescent in Golborne Ward, the lower floors of Grenfell Tower, and vacant former office space in 1-3 Greaves Tower on the World's End estate in Cremorne Ward.
- 12.2 Over the course of the year, the TMO must engage with the residents on both estates, to discuss with them the potential benefits of these developments, and any issues that they may create for the existing communities. The construction work will be led by the TMO with funding agreed from the Council's HRA resources.

13. Trellick Tower

- 13.1 Work is currently being undertaken by the Council to explore how best to invest in Trellick Tower and to regenerate the areas around the base of the listed building. Consultation with residents has started about what is wanted for the area and an architectural study is being procured. The TMO will need to work with the Council to develop proposals for the area and to assist in consultation with residents as the project progresses.

14. Conclusion

- 14.1 An exciting year ahead with a number of projects that focus on the future. There is the potential to invest in the stock following the implementation of Self-Financing, there is new legislation to embed which will impact on residents and there are new prospects of development and growth. The sharing of information and skills between the Council and the TMO will be essential to make the most the current environment, but because the TMO's structures and core business have continued to be solid it is in a good position to be able to make the most of the forthcoming opportunities.

Appendix B

2012-13 HOUSING PERFORMANCE INDICATORS				How is performance measured and reported?								
Ref	Title	Performance Manager	Data Manager	Good is?	PI type	Former NI?	Vital Sign	LAP S	11/12 Target	12/13 Target	Explanation for change	RETAIN, AMEND, DELETE for 2012-13?
HS1	Number of appointments kept	Amanda Johnson Yvonne Birch (TMO)	Siobhan Bowman	High	2	N	Y	N	98%	98%	Existing target for responsive repairs contract.	New
H 4	Local authority tenants satisfaction with landlord services (NEW)	Amanda Johnson Yvonne Birch (TMO)	Siobhan Bowman	High	4	N	N	N	75%	TBC	A decision is pending from KCTMO on whether to participate in the HouseMark STAR survey, following the end of STATUS.	Retain for next year - TMO is looking at the vehicle for collection (use Housemark Star survey?)
H 20	Percentage non-decent council homes.	Amanda Johnson Yvonne Birch(TMO)	Siobhan Bowman	Low	5	NI 158	Y	N	1%	10%	Based on projections from Keystone system - based on numbers of properties falling out of decency during year and properties either brought into decency or maintained via works undertaken through Capital Programme.	Retain - TMO scorecard and benchmarking PI, part of new regulatory framework

L 4101	Average energy efficiency rating of housing stock.	Amanda Johnson Yvonne Birch(TMO)	Siobhan Bowman	High	5	N	N	N	69	65	As above.	Retain - as can be used as a measure of need for funding
L 4103	Rent collection and arrears recovery: rent collected.	Amanda Johnson Yvonne Birch(TMO)	Siobhan Bowman	High	2	N	Y	N	97.60%	97.65%	Based on a reduction in arrears of £100,000 from week 52 figures.	Retain - TMO scorecard and benchmarking PI
L 4104	Rent collection and arrears recovery: seven weeks arrears.	Amanda Johnson Yvonne Birch(TMO)	Siobhan Bowman	Low	2	N	N	N	6.00%	6%	No change to existing target.	Retain - TMO scorecard and benchmarking PI
L 4108	Average number of days to re-let local authority housing.	Amanda Johnson Yvonne Birch(TMO)	Siobhan Bowman	Low	2	N	Y	N	24	24	No change to target. Consideration was given to lowering it but the decision was made to retain following the Morrison contract termination and the possible impact.	Retain - TMO scorecard and benchmarking PI
L 4123	Proportion of approved housing capital investment programme spent.	Steve Mellor	Roberto Cusano	High	1*	N	N	N	100%	100%	No change to existing target.	Retain - TMO scorecard and useful financial measurement

L 4146	Collection rates - leaseholder service charges.	Amanda Johnson Yvonne Birch(TMO)	Daniel Woods	High	1*	N	N	N	105%	102.17%	Based on collecting all 2012-13 service charges (£3,720,338) plus 24.4% (£80,698) of arrears brought forward.	Retain - TMO scorecard and financial measure
L 4147	Collection rates - leaseholder major works.	Amanda Johnson Yvonne Birch(TMO)	Daniel Woods	High	1*	N	N	N	165%	137.12%	Based on collecting all major works charges for 2012-13 (£1,077,422) plus 19.74% of arrears brought forward (£400,000).	Retain - TMO scorecard and financial measure