

# **THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA**

## **HOUSING AND PROPERTY SCRUTINY COMMITTEE**

**5th JULY 2017**

### **REPORT BY THE DIRECTOR OF HOUSING AND TOWN CLERK AND EXECUTIVE DIRECTOR OF FINANCE**

#### **REPORT ON KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION'S PERFORMANCE REVIEW 2016/17 AND KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION'S PERFORMANCE AGREEMENT 2017/18**

The purpose of this report is to introduce two documents; Kensington and Chelsea Tenant Management Organisation's (KCTMO) Performance Review 2016/17 considers RBKC TMO performance against a range of indicators and audits for 2016/17 and the TMO Performance Agreement for 2017/18 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 KC TMO through the Modular Management Agreement. The activities undertaken through this delegated authority are monitored by the Housing Department on an ongoing basis through a performance management framework. The framework looks at the activity and achievements of KCTMO 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 2016/17 against the key priorities set out in the Performance Agreement for 2016/17 (and updated in the six-month report to the Scrutiny Committee on 16 November 2016). The second part of the report, Appendix 2 (page 19), the Performance Agreement 2017/18, looks at the work programme and priorities for the coming year and

sets out the performance targets that KCTMO is expected to achieve during the year.

- 1.3 The Performance Agreement for 2017/2018, which the Council will use to monitor KCTMO's performance, has been agreed with KCTMO. Monitoring of the Agreement will take place quarterly and will be reported to regular meetings with the Director of Housing and KCTMO 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 2016/17**

- 2.1 This paper forms Appendix 1 of this report. It describes KCTMO's performance against the 2016/17 Performance Agreement that includes a range of housing activities, key performance indicators (PI's) and the Audit Plan for 2016/17.

### **2.2 Executive Summary**

- 2.2.1 The TMO has delivered on the three key areas of performance monitored under the framework. Audit performance continues to be outstanding with all completed audits deemed satisfactory or substantial. Eight of the twelve performance indicators collected this year met their targets, with three within the tolerated threshold (HS 5a & b – number of homes brought up to investment standard and HS9 – rent collection including arrears), and with one target missed (H10 – rent collection at the Travellers site). Rent collection rates have been affected by heating refunds and evictions, whilst the capital works programme has been subject to delayed starts.
- 2.2.2 The full capital programme allocation £13.1m was spent. The commercial portfolio generated an income of £3.3m from commercial rents, a 6% increase for 2015-16. Workstreams which support RBKC strategic aims including welfare reform, employment initiatives, inclusion and health and safety in the Council's stock continue to be delivered effectively by the TMO through partnership working with Council departments and statutory agencies.
- 2.2.3 Further details of KCTMO's performance can be found in Appendix 1.

## **3. CONCLUSION FOR 2016/17**

- 3.1 The TMO continues to be an effective partner in delivering the Council's objectives and aspirations for the housing stock and residents across a range of strategic functions.

- 3.2 As well as delivery against the agreed performance indicators the pro-active asset management ensures that the Borough's stock, both residential and commercial, is being maximised in terms of use and rental income; compliance with audit and health and safety legislation protects both residents and the Council's standing; and adapting and working with the Borough to implement statutory duties and working practices ensures that the Borough continues to provide quality housing services within the resources available.

#### **4. THE PERFORMANCE AGREEMENT FOR 2018/19**

- 4.1 The Performance Agreement for 2018/19, attached at Appendix 2, is designed to meet the Council's housing priorities, both in the local and national context over the next year. Many aspects of the work started in previous years will continue; the roll out of Universal Credit, worklessness, the programme of cyclical repairs and planned improvements, active asset management and income generation for the benefit of the HRA.
- 4.2 The challenge remains to continue to provide high standards of housing management and to maintain the stock in a time of financial uncertainty as identified in the HRA Business Plan. Continued close working will ensure that the aims and priorities of both the Council and KCTMO will be met and quality services will be delivered to the residents, within the available resources.

**FOR INFORMATION**

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**Background papers used in the preparation of this Report:**

**None**

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**TMO ANNUAL REVIEW 2016-17**

1.	<p><b>Executive Summary</b></p> <p>The Annual Review shows that KCTMO continues to deliver against all aspects of the agreed Performance Framework:</p> <ul style="list-style-type: none"> <li>• Performance Indicators – eight of the twelve performance targets were met, three were within the tolerated threshold and one target was missed (H10 – rent collection at the Travellers site). Rent collection rates have been affected by heating refunds and evictions, whilst the capital works programme has been subject to delayed starts. (see 3.1)</li> <li>• RBKC Audit undertook eleven audits, three were substantial, seven were satisfactory and one is awaiting the final report. (see 3.2)</li> <li>• Business Activities: <ul style="list-style-type: none"> <li>○ The capital programme of £13m was fully spent</li> <li>○ Income generation of £3.3m on the commercial portfolio</li> <li>○ Continued commitment to residents going over to Universal Credit and helping residents in to work</li> <li>○ Compliance with various health and safety requirements (fire, gas and electrical safety)</li> <li>○ Supporting the active asset management approach to maintain and improve the stock to maximise the rent return.</li> </ul> </li> </ul>	
2.	<p><b>Purpose of the Report</b></p> <p>The purpose of this report is to assess KCTMO'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</p>	
3.	<b>Key Areas of Performance</b>	The PI suite reflects the aim for continuous improvement especially in those areas affected by changes such as collection rates
3.1	<b>Performance Indicators (PIs) –</b>	<ul style="list-style-type: none"> <li>• Eight of the twelve PI targets collected this year were achieved. Three were within the accepted threshold of the target and one PI missed the target.</li> <li>• Repairs Direct met all of the targets for 2016-17 collected by the TMO, including the two monitored by RBKC.</li> </ul>

		<ul style="list-style-type: none"> <li>Collection rates varied; rent collection was affected by heating refunds and evictions (37 in total, 16 for arrears) so just under targets, whilst leaseholder collection rates achieved their targets and arrears are at an all-time low.</li> <li>Relets times targets were met.</li> <li>The capital programme was fully spent but targets for internal and external investment were not fully achieved.</li> </ul>
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Ref	Performance indicator (PI) title	Good is?	2014-15 Actual	2015-16 Actual	2016-17 Target	2016-17 Actual	Achievement	Commentary
HS1	% Post Inspections passed (Repairs Direct)	HIGH	63.49%	92.25%	>=90%	95.57%	😊	Target met. All key performance indicators for Repairs Direct met for 2016-17.
HS30	Satisfaction with repairs (Repairs Direct)	HIGH	93.69%	97.14%	>=95.0%	96.02%	😊	Target met.
HS 2	Local authority tenant satisfaction with landlord services.	HIGH	78.9%	-	-	-	-	No survey undertaken in 2016-17
HS 5a	Number of homes brought up to the internal Investment Standard	HIGH	327	933	>=1400	1249	😊	Works were in progress at a further 30 units at year end and have been subsequently completed. Overall the programme was reduced due to the increase in per unit costs relating to asbestos removal works.
HS 5b	Number of homes brought up to the external Investment Standard	HIGH	1420	120	>=696	672	😊	There have been a number of delays in projects going on site. The total number of units within the task orders issued for 16-17 was 1289.
HS 3	Number of homes where SAP rating has increased through planned	HIGH	1341	120	>=300	340	😊	Target met

	works							
HS 4	Average number of days to re-let local authority housing. (YTD)	LOW	97.69%	18.69	<=22	20.99	😊	Target met - due to improved void/lettings processes, as well as effective collaboration with the RBKC Housing Options team.  39 available voids at year end, compared to 50 in March 2016.
HS 6	Homeownership: service charge arrears	HIGH	3.96%	£141,705	<=£120,449	£106,245	😊	Targets met.
HS 7	Homeownership: major works arrears	HIGH	23.86	£1,151,217	<=£1,715,516	£1,185,002	😊	It should be noted that service charge arrears are at the lowest level since the TMO took over management of RBKC properties.
HS 8	Rent collection and arrears recovery: seven weeks' arrears. (YTD)	LOW	99.8%	4.38%	<=4.50%	3.98%	😊	See HS9
HS 9	Rent collection and arrears recovery: rent collected. (YTD)	HIGH	104.681%	99.20%	>=98.02%	97.55%	😊	Arrears ended the year at £965,759 against a target of <=£1,035, 082.  Collection rate below target due to the impact of heating refunds paid out in April 16, and evictions during the year – both helping to reduce arrears but without rent being collected (as per HS9 calculation).
HS 11	Proportion of approved housing capital investment programme spent. (YTD)	HIGH	129.884%	103%	99%	100.9%	😊	Target met.
HS 10	Collection rates and arrears: Travellers Site	HIGH	103.40%	98.27%	>=100%	97.43%	😞	The low number of occupants on the site means that it only takes one account to be out of target before the 100% collection rates and arrears target is missed

3.2	<b>Audits</b>  The outcome of the audits undertaken in 2016/17:	<b>Service Area</b>	<b>Audit</b>	<b>Progress</b>
		<b>Finance and IT</b>		
		IT Strategy	High Level Review	Satisfactory
		Open Contractor	Application Review	Satisfactory
		IT Server Infrastructure	Full Review	Satisfactory
		<b>Operations:</b>		
		Capital Programme	Full Review	WIP
		Electrical Safety checks and Contract arrangements	Full Review	Substantial
		Capital Works Framework Procurement	Full Review	Satisfactory
		Fixed Term Tenancy Management	Part of RBKC Housing audit	Satisfactory
		Lettings Car Park Spaces and Garages	Full Review	Satisfactory
		Repairs Direct (2015.16 c/f)	Full Review	Satisfactory
		<b>People and Performance:</b>		
		Residents Engagement	Full Review	Substantial
		Business Continuity	Full Review	Substantial
3.3	<b>Respond to the impact of welfare reform</b>			
3.3.1	Universal credit being paid directly to tenants.	Universal Credit (UC) was introduced in the borough from 9th November 2015 for single claimants. In December 2016 the South of the borough went live with all new claimants, with the North of the borough due to go live in July		



		<p>2017. The TMO has seen a steady increase in the number of claimants, which is currently impacting 152 households. Of these, 18 households are on Alternative Payment Arrangements after accruing arrears.</p> <p>Rent Income and Welfare Reform Officers have had additional training on UC and other welfare reform changes to ensure the best advice is given to residents.</p> <p>The Welfare Reform Officers continue to make contact with those residents who have been affected by the reduction in the Benefit Cap, offering one-to-one support and advice on their options to afford any shortfall in Welfare payments. We currently have 23 households affected by the benefit cap.</p> <p>Due to an increased focus in mitigating the risk of UC on rental income, it was important to ensure the Rent Income Team has the right support to manage UC cases. Therefore, the Welfare Reform Service now sits within the Rent Income Team, which should enhance the service offered to residents, ensuring that relevant support is given before taking any enforcement action.</p>
3.3.2	Work will need to continue on long-term solutions around households that may need to consider moving to smaller accommodation or cheaper areas because their current housing is no longer affordable.	Further work is to be undertaken to address the impact of the introduction of the LHA (Local Housing Allowance) shared room rate for under 35's. The introduction has been postponed until April 2019. Although there is time to plan for this, it will have a significant impact on single tenants claiming HB that have moved in from April 2016 and who will be under 35 in April 2019. The main likelihood is that depending on rental levels, there may be affordability issues. Joint working has already taken place with RBKC to manage this from an allocation and policy perspective.
3.3.3	The TMO will continue to work with the Council on the delivery of support for workless tenants and households	The TMO ran a roadshow in March at the World's End estate. The event included an employment and training area where people could get advice, and a 'Jobs Board' detailing a range of available local jobs. 140 residents attended the whole day, with 10 people specifically registering with the employment section, though others are likely to have passed through or looked at the



		<p>board without engaging with the officer.</p> <p>As part of the procurement framework agreement the TMO has to deliver its major works projects, a range of employment and training related projects are being run by the suppliers.</p> <p>During the financial year, the two contractors, Wates and Keepmoat, have provided or achieved the following:</p> <p><b>Keepmoat</b></p> <p>Training initiatives (for training details see below), targeting unemployed residents, included Equality &amp; Diversity, Fire Marshal, Occupational Health, CSCS Card, Customer Care/Conflict Avoidance, H&amp;S Awareness, Emergency First Aid, Energy Awareness.</p> <p><b>Total 264 Places</b></p> <p>2 people (Admin &amp; Resident Liaison Officer) continue in their work experience roles, which commenced in 2015/6.  Work Placements x 4  Supply chain training for sub-contractors x 6 places (covering Gas safety, Manual handling, Asbestos awareness)</p> <p><b>Wates Living</b></p> <p>12 local people trained or employed on the project.  183 training/employment weeks have been created for local people, with 1500 hours having been invested in supporting these people by Wates staff  £174,092 is the value of the investment into supporting Employment &amp; Training on the project.  Electrical Apprentices x 2  Graduate Production Trainees x 2</p>
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		<p>Following Building Futures training - 4 candidates found employment</p> <p>Resident Training has included; H&amp;S Awareness, Equality &amp; Diversity, Customer Care, Fire Marshall – training for unemployed Residents; Smartphone Training for over 50's, TMO Youth Involvement Group, Building Futures Course, Children's Forum Workshop.</p> <p>The annual residents' conference, held in September, was attended by 467 residents, an increase of 9% on last year's attendance figures. A jobs board was provided for residents and was supported by the RBKC Housing and Employment Officer.</p>
3.4	<b>Investing in the Borough's Stock</b>	
3.4.1	The TMO will continue to work with the Council on the HRA business planning and asset management	<p>The TMO and Council are working jointly to meet the HRA Business Plan agreed in January 2017; see the Capital Investment section below.</p> <p>The process of reviewing and updating the priorities will begin shortly for the 2018-19 financial year. This will be taken to Cabinet and Scrutiny in January. Many of the priorities remain, and there are discussions about the level of funding required to balance regeneration commitments and requirements for maintaining and improving the stock going forward. We are working on the assumption that the high value voids levy will not be implemented but we will jointly undertake active asset management, including identifying disposals for underperforming assets.</p>
3.4.2	The TMO will continue to work with the Council on asset management projects.	<p><b>Capital Investment</b></p> <p>The 2016/17 programme was revised from £16m to £13m in Quarter 2. This reflected the need to consider whether lifts and windows should be replaced rather than repaired. An alternative approach to both lifts and windows renewal has been agreed (details reported in 2016-17 mid-year report and reference in the HRA Business Plan). Decisions would be taken on an</p>

		<p>individual basis and will take into account a number of factors, including the financial implications for the HRA over the medium to long term. This approach carries some risk relating to whether leasehold charges can be recovered under the terms of the leases and legal opinion has been sought on this point.</p> <p><b>Trellick Tower</b> The external repair and redecoration of Trellick Tower has been procured.</p> <p>The scope of works includes;</p> <ul style="list-style-type: none"> <li>• Concrete repairs to the fabric of the building</li> <li>• Repairs and restoration of all flat windows and replacement of the communal windows (Crittall windows)</li> <li>• Repairs to roof coverings to the service tower and lower block roofs</li> <li>• Decorations to all previously painted surfaces will also be included as part of the scope of works – windows, balcony railings and cedar wood cladding.</li> </ul> <p>The current estimated cost is £7.3m.</p> <p>Residents have been consulted on the proposed works and feedback from residents has helped finalise the proposed scope of works. Regular newsletters give an update of progress and Wates have a site office with Resident Liaison staff to ensure that residents are kept informed and that any issues area addressed. The Home Ownership team has carried out Section 20 consultation and have responded to the issues raised by leaseholders.</p> <p>The current programme is;</p> <ul style="list-style-type: none"> <li>• Contract awarded February 17</li> <li>• Feb to April 17: Pre commencement activities</li> <li>• May 17: Start on site</li> <li>• July 2018: projected completion</li> </ul>
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		<p><b>Hidden Homes</b> Holmeffield House – one unit from a converted office is now complete. Feasibility studies are being undertaken at 3 other sites.</p> <p><b>91 Tavistock Crescent</b> 8 new units will be delivered by July 2017. The property was formerly leased to Westminster Housing Cooperative for short life housing.</p> <p><b>The Housing Regeneration Programme</b> The HRP programme comprised three projects in the sum of £125k, with match funding of £18k from Area Review Board (ARB) funding. The project at Slaidburn Street has completed and the environmental projects at Corbett House and Penzance Street will complete by the end of June.</p>
3.4.4	Working with the Council to improve the quality and supply of TA	There have been a number of buy backs on estates earmarked for regeneration which are being used as TA. The detailed process of identification and preparation is working well between the TMO and RBKC to ensure the units are good quality. Further work is being undertaken to use units for single people, as interim supported accommodation whilst they prepare for managing their own tenancy.
3.4.5	Intermediate and market rent	The leases for both intermediate and market rent are being prepared and the processes for advertising and letting are now in place. The converted units will be let shortly.
3.5	<b>Digitalisation</b>	
3.5.1	Tackling the digital divide by considering how to address barriers that are preventing tenants benefiting from these technologies.	<ul style="list-style-type: none"> <li>• The KC Places project has rolled out Wi-Fi to the Kensal Resource Centre</li> <li>• As part of its tenancy auditing process, the TMO has gathered information on internet use and access on over 370 residents so far, and will analyse this data in the coming year.</li> </ul>

3.6	<b>Health and Safety</b>	
	<p>Health and safety issues in the social housing sector that have arisen during this year include: window safety, fire safety and cleanliness at supported housing schemes.</p>	<p><b>Adair &amp; Hazlewood LFB Enforcement Notices - update</b></p> <p>The Adair Tower Enforcement Notice expired on 23<sup>rd</sup> September 2016 at which point all of the required works had been satisfactorily completed and the Fire Risk Assessment (FRA) had been comprehensively reviewed. The Enforcement Notice on Hazlewood Tower expired on 18<sup>th</sup> October and again all requirements had been adhered with and the FRA review completed. The LFB undertook post-Notice audits at each block and the KCTMO subsequently received letters confirming that both blocks were considered to be "broadly compliant" at the time of the audit.</p> <p><b>Fire Safety</b></p> <p>The programme of Fire Risk Assessments and reviews continued and substantial progress has been made with completing the actions and recommendations from the assessments.</p> <p>Regular bi-monthly liaison meetings between London Fire Brigade and KCTMO have continued and good working relationships have been sustained. Regular agenda items include details of any fires in the stock and any action that can be taken to prevent recurrence, false fire alarm activations, LFB attendance at lift shut-ins, update on LFB familiarisation visits to TMO blocks and updates on any major works projects.</p> <p>Ongoing progress with electrical inspection and testing programmes – both within tenanted dwellings and communal areas (where compliancy rate remains at 100%). Inspections within dwellings continue to incorporate the installation of a hard-wired (with battery back-up) automatic fire detection system. This continues to have a positive impact on resident safety providing early warning and facilitating early evacuation.</p>

		<p>Significant work has been undertaken by the Health &amp; Safety Committee to review the KCTMO Fire Safety Policy and Strategy. This is currently being finalised before approval is sought from TMO Board &amp; RBKC Director of Housing. Changes worthy to highlight are:</p> <ul style="list-style-type: none"> <li>• Installation programme for Fire Action Notices in communal areas of all blocks – to be risk-based with high rise blocks first priority</li> <li>• Self-closer installation programme – following consultation between KCTMO and RBKC it has been agreed to adopt a 5-year programme to inspect / install self-closers to all flat entrance doors in tenanted properties</li> <li>• Increasing frequency of the comprehensive Fire Risk Assessment reviews. (The potentially high risk properties will now have a comprehensive review every 2 years with a lower level review in the intervening year and the potentially medium and low risk properties will have comprehensive FRA reviews every 3 years and lower level reviews every 18 months.)</li> </ul> <p>A suite of Health &amp; Safety Key Performance Indicators has been produced and these are monitored on a quarterly basis by the Health &amp; Safety Committee.</p> <p><b>Staff Health &amp; Safety</b></p> <p>KCTMO has introduced on-line display screen self-assessment for all staff which incorporates training on safe use of the equipment.</p> <p>Asbestos procedures were reviewed and the provision of asbestos information to Repairs Direct (KCTMO's responsive repair contractor) was greatly improved.</p>
	Emergency Planning	Emergency Planning procedures, particularly in relation to Out of Hours, were comprehensively reviewed following the serious fire at Adair Tower in October



		<p>2015 and confirmed to be fit for purpose. KCTMO and RBKC's Housing and Emergency Planning Teams reviewed roles, responsibilities and existing arrangements and as a result it was agreed to hold a joint emergency planning exercise. Burgessfield was selected as it was considered to be one of our most vulnerable blocks as an extra care, sheltered scheme for which RBKC, KCTMO and Octavia Housing all have responsibilities. Therefore, a joint exercise was held on 1<sup>st</sup> November to test the effectiveness of the emergency planning arrangements and to identify and incorporate any further improvements. This was very useful to all parties – particularly Octavia Housing who have responsibility for day-to-day management of the scheme.</p> <p>The TMO also has a Business Continuity Plan which is tested annually. This year, the TMO arranged for its Business Continuity exercise to be invigilated by RBKC Contingency Planning Manager which was a success as well as value for money.</p>
3.7	<b>HRA commercial portfolio</b>	<p>In 2016/17, the TMO worked with Corporate Property to:</p> <ul style="list-style-type: none"> <li>• Effectively manage the existing portfolio of HRA commercial premises, efficiently addressing voids and maintenance issues, and lease renewal and rent review processes. This resulted in a total rent roll of £3.3m at April 2017, a 6% increase from April 2016</li> <li>• Address historic arrears arising from Agresso implementation issues in 2015/16, which resulted in debts aged over 60 days falling to 1% in April 2017, from 9% in April 2016.</li> <li>• Address long-standing issues with HRA sites occupied by RBKC departmental occupiers, resulting in (i) agreement of a Memorandum of Occupation which established terms and demarcated responsibilities for all parties; (ii) revaluation and uplift of all rents to market levels increasing HRA income by over £500k pa from 2017/18 onwards.</li> <li>• Progress projects to lease former parking sites for commercial redevelopment and generate new income streams, which should result in c.£200k new income in 2017/18 and over £500k pa new income from</li> </ul>

		<p>2018/9 (subject to lease completion dates).</p> <ul style="list-style-type: none"> <li>Appoint a specialist telecommunications consultant to review existing leases and identify new opportunities to benefit from growing demand for sites. This work is expected to generate c.£100k new income in 2017/18 and potentially over £200k pa new income from 2018/19.</li> </ul>
3.8	<b>Travellers site</b>	<p>End of year rent collection rates for Stable Way was 97.43%, against a mid-year return of 95.9%. Current arrears on site is £15,264, a number of direct payments are in place through Department of Work and Pensions which is reducing this figure.</p> <p>The TMO carried out improvements to the community hub on site, which included external decoration of the building and surrounding railings. This was well received by residents who chose the colour, which has brightened the area.</p> <p>The numbers of repairs completed at year end were in line with predicted budgets and managed effectively by the Site Manager. Further work has been undertaken to develop direct relationships with Repairs Direct and residents which has been a success.</p> <p>Work was also carried out to ensure waste collection on-site is managed effectively, following concerns earlier in the year. This is no longer an issue.</p> <p>Discussions to take place in 2017/18 to review the future investment plan for the site.</p>
3.9	<b>Procurement Savings</b>	<p>For the financial year 2016/17, procurement savings to the value of £625,000 have been confirmed, with additional income of £129,000 generated through leaseholder management fees. Actual procurement savings compared to pre-tender estimate budgets has increased from £625,000 to £644,980 as at 15<sup>th</sup> May 2017.</p>

4.	<p><b>Conclusion</b></p> <p>The TMO continues to support the Council to meet its strategic objectives. Excellent work has been undertaken in respect of the repairs service, welfare reform, income generation and community engagement. Challenges remain for both the TMO and the Council in terms of their joint work around capital investment and health and safety issues.</p> <p>The Council is confident that the TMO will ensure on-going delivery of the Performance Agreement by meeting the agreed programme of PIs, audit and workstreams, ensuring compliance in the key areas.</p>
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**TMO PERFORMANCE AGREEMENT 2017-18**

1.	<p><b>Executive Summary</b></p> <ul style="list-style-type: none"> <li>• Many aspects of the Performance Agreement for 2017-18 are to be continued or maintained</li> <li>• PI targets have been refreshed, with a new PIs added to show the number of days for responsive repairs. The expectation is that performance will be maintained or improved for existing PIs</li> <li>• There is a full range of audits planned across Operations, Finance and IT, Asset Investment and Engineering, People and Performance and Home Ownership</li> <li>• Welfare reform and Universal Credit remain high on the agenda</li> <li>• Capital spend has increased to cover a programme of cyclical repairs to Trellick Tower, as well as meeting the requirements across the remainder of the stock to ensure investment standards are maintained.</li> <li>• Income generation and income collection will be closely monitored</li> <li>• Other priorities remain the health and safety of residents and staff, access for residents to advice, training and IT services, and the continued provision of high quality housing management services.</li> </ul>
2.	<p><b>Purpose of the Report</b></p> <p>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.</p> <p>This agreement will be reviewed mid-year and a progress report will be produced for Scrutiny Committee following the end of the second quarter.</p> <p>The following tables show the different workstreams that form the service delivery plan for the Council and the TMO, designed to deliver the Performance Agreement. The workstreams now align with the TMO Business Plan which is available on line at <a href="http://www.kctmo.org.uk/">http://www.kctmo.org.uk/</a> More detail on the project work that can be provided if required.</p>

3	<b>Key Areas of Performance</b>					
3.1	<b>Performance Indicators –</b>		<ul style="list-style-type: none"> <li>PIs have been retained this year that are meaningful to the services as well as being a good measure of success. Targets have been considered and refreshed in light of trends or identified challenges and a new target added for responsive repairs.</li> </ul>			
Ref	Performance indicator (PI) title	Good is?	2016-17 Target	2016-17 Actual	2017-18 Target	Commentary
HS1	% Post Inspections passed (Repairs Direct)	HIGH	>=90.0%	95.57%	>=90%	Target remains, as per the contract framework.
HS 2	Local authority tenant satisfaction with landlord services.	HIGH	-	-	-	The previous Test of Opinion undertaken in Autumn 2013 showed tenant satisfaction at 78.9% and tenant and leaseholder satisfaction at 75.3%. The next survey is planned for Autumn 2018.
HS 3	Number of homes where SAP rating has increased through planned works	HIGH	0	0	145	
HS 4	Average number of days to re-let local authority housing. (YTD)	LOW	<=22	20.99	<=21	Target reduced by one day for 2017-18.
HS 5a	Number of homes brought up to the internal Investment Standard	HIGH	1400	1249	60	
HS 5b	Number of homes brought up to the external Investment Standard	HIGH	696	672	812	
HS 6	Homeownership: service charge arrears	LOW	£120,449	£106,245	£84,996	Target to reduce arrears by 20% - equating to reduction of £21,249.
HS 7	Homeownership: major works arrears	LOW	£1,715,516	£1,185,002	£1,303,607	Limited increase in arrears to 10%, equating to increase of not more than £118,605. An amount of £809k is due to be applied to the major works account in September 2017

						(major works final accounts). The target incorporates the fact that lessees are able to repay their charges over 36 months, interest free. Consequently, only a percentage of the sums billed will be collected this financial year, the remaining sums will be collected across 2018-2022.
HS 8	Rent collection and arrears recovery: seven weeks' arrears. (YTD)	LOW	<=4.50%	3.98%	-	See HS9 – PI subject to review due to the introduction of UC.
HS 9	Rent collection and arrears recovery (inc arrears b/f): rent collected. (YTD)	HIGH	>=98.02%	97.55%	>=95.79%	It is estimated that approximately 2919 households are likely to move over to Universal Credit (UC) during the year, based on movement in previous year. In order to estimate the likely impact, we reviewed analysis published by the National Federation of ALMOs (published in January 2017) which indicated average arrears levels of £619 for UC households. Additional monitoring will be in place to monitor the impact of the Phase 2 rollout of UC.
HS 10	Collection rates and arrears (exc arrears b/f): Travellers Site	HIGH	>=100%	97.43%	>=97.60%	See HS9
HS 11	Proportion of approved housing capital investment programme spent. (YTD)	HIGH	99%	100.9%	99%	
HS26	Percentage of units vacant and available for letting	LOW	<=0.60%	0.57%	<0.60%	Target based on approx. 40 units.
HS30	Satisfaction with repairs (Repairs Direct)	HIGH	>=95.0%	96.02%	>=95.0%	Target remains, as per the contract framework.
NEW	Average calendar days to complete a responsive repair (Repairs Direct)	LOW	<=12	11	<=11	Target reduced by one day for 2017-18.
3.2	<b>Audits</b>		<b>Service Area</b>		<b>Audit</b>	<b>Timing</b>



	The audits programmed for 2017/18 as follows:	<b>Finance and IT</b>		
		Disaster Recovery and Business Continuity	Full Review	Q2
		Academy Housing Management System	Full Review	Q3
		Great Plains Application	Full Review	Q3
		<b>Home Ownership Leasehold Service Charges:</b>		
		Income and Debt Recovery	Full Review	Q2
		Estimate and Final Accounts	Full Review	Q2
		<b>Home Ownership Major Works:</b>		
		Income and Debt Recovery	Full Review	Q4
		Estimates and Final Accounts	Full Review	Q4
		<b>Operations:</b>		
		Customer Relationship Management (CRM) System Implementation	Full Review	Q1
		Parking Residents Permits	Full Review	Q3
		Procurement Governance and Management	Full Review	Q3
		<b>Asset Investment/Engineering:</b>		
		Gas Maintenance Safety Checks	Full Review	Q1/2
		<b>People and Performance:</b>		
		Payroll/Personnel	Full Review	Q4
	<b>KCTMO Customer Strategy</b>			
3.3	<b>Respond to the impact of welfare reform – (and Value for Money Strategy)</b>			

3.3.1	Universal credit being paid directly to tenants.	<p>In December 2016 the TMO entered Phase 2 of the Universal Credit (UC) rollout. Going forward all new claimants will now be on Universal Credit, and all existing claimants reporting a change in circumstance will have their claim renewed under UC. The TMO estimates that 2017-18 could potentially see around 2919 TMO households moving over to UC, compared to the current level of 150. Rent collection targets have been adjusted accordingly.</p> <p>During 2017-18 the TMO will:</p> <ul style="list-style-type: none"> <li>• Develop a CRM process for welfare reform, linking to monitoring of UC claims, the social sector size and benefit cap and link this to the rent management process.</li> <li>• Ensure IT systems are working effectively to record new UC claims and reporting mechanisms in place so these can be reported on</li> <li>• Introduce the requirement for new tenants to pay 1 weeks rent at sign-up to reduce overall debt.</li> <li>• Encourage overpayment of rent for those claiming UC through regular payments to minimise the risk of accounts falling into arrears.</li> <li>• Produce communication strategy for roll-out of UC to maximise awareness across the Borough, including developing links to RBKC local advice agencies.</li> <li>• Continue to benchmark our position with other providers with the aim of achieving better than average performance for the average arrears of UC households.</li> <li>• Explore the introduction of budgeting workshops for tenants who are moving onto UC.</li> <li>• Explore more facilities within offices to allow residents to submit online UC claims, provide evidence they have submitted and avoid delays in tenancy start dates.</li> </ul>
3.3.2	Work will need to continue on long-term solutions around households	KCTMO will continue to work with RBKC on long-term solutions for households who need to move to smaller accommodation due to the

	that may need to consider moving to smaller accommodation or cheaper areas because their current housing is no longer affordable.	welfare reforms. These include mutual exchange, transfer to smaller accommodation, employment opportunities through Pathways to Work and advice obtainable at KCTMO Live roadshows.
3.3.3	The TMO will continue to work with the Council on the delivery of support for workless tenants and households	<p>The next Employment and Training Roadshow is being planned for 2017/2018, and will consist of a roadshow in the North. The venue is still being finalised, but is expected to take place in March. The Roadshow will have three key themes; money &amp; finance, employment &amp; training and health &amp; wellbeing, with workshops and external agencies and other local housing providers supporting this work.</p> <p>Under the major works Procurement Framework Agreement, KCTMO has ensured that the suppliers (currently Wates and Keepmoat) will be providing a range of employment and training related projects through the course of the contract. These include:</p> <ul style="list-style-type: none"> <li>Work placements (mainly 16+, but also work experience)</li> <li>Curriculum Support</li> <li>Apprenticeships</li> <li>Graduate development</li> <li>Paid internships</li> <li>Health and Safety, Leadership and Supervisor training</li> </ul> <p>KCTMO will continue its integral involvement in the RBKC Housing and Worklessness project and its obligations under the Pathways to Work Charter.</p> <p>KCTMO is also a member of the RBKC Worklessness Network, which allows effective exchange of relevant course, training and funding opportunities between partners.</p>
3.4	<b>Digitalisation</b>	
3.4.1	Website development, CRM development, increasing digital	The TMO is continuing to develop and improve its digital offer. A new website development project has been launched with expected delivery in

	engagement opportunities	<p>Q3 2017/18. The new website will improve the scope of issues that residents are able to raise online and how the TMO handles its requests. The comprehensive communications strategy for the website will ensure that residents are aware of the benefits of the new site and are encouraged to register for access to it.</p> <p>The TMO will continue to develop its new Customer Relationship Management (CRM) software over the coming year, which will help improve outcomes for residents by streamlining service delivery and improving communication within the TMO. The new website will further improve this streamlining through effective integration between the website and CRM.</p>
3.5	<b>Travellers site</b>	<p>The focus for the next 12 months:</p> <ul style="list-style-type: none"> <li>• Maintain/improve on rent collection figures, including addressing the impact of the rollout of Universal Credit from July 2017 for residents on site</li> <li>• Work with RBKC and H&amp;F to review the future capital investment needs of the site</li> <li>• Verify high levels of satisfaction with the management of the site through conducting an annual residents survey</li> <li>• Plan two resident events on site to increase involvement in service delivery and to raise awareness with local agencies who may want to be involved.</li> </ul>
3.6	<b>HRA commercial portfolio</b>	<p>Priorities over next 12 months are to:</p> <ul style="list-style-type: none"> <li>• Continue to effectively manage the existing portfolio of commercial premises, efficiently addressing maintenance issues, managing arrears, marketing voids and undertaking lease renewal and rent review processes</li> <li>• Implement the Memorandum of Occupation for HRA properties occupied by RBKC departments and gain over £500k new rental</li> </ul>

		<p>income following the revaluation of these sites in 2016.</p> <ul style="list-style-type: none"> <li>• Complete projects to generate over £500k pa new income by redeveloping former car parks at Acklam Road, Holmefield House and Walnut Tree House for storage and studio-workspace leases; progress the larger project to lease the former car park at Lowerwood Court for redevelopment into an office with auxiliary café and bistro, potentially generating a further £500k pa new income.</li> <li>• Work with a specialist telecommunications consultant to review existing telecoms leases, identify opportunities to benefit from high demand for new sites and grow this area of the portfolio, potentially generating over £200k pa new income.</li> <li>• Initiate and deliver a new 'operational improvements' project, in order to build more effective data-sharing and customer service relationships between KCTMO and Corporate Property.</li> </ul>
	<b><i>KCTMO Asset Investment Strategy</i></b>	
3.7	<b>Investing in the Borough's Stock – KCTMO Asset Investment Strategy</b>	
3.7.1	The TMO will continue to work with the Council on the HRA business planning and asset management	<p>The HRA Business Plan sets out the priorities for the coming year.</p> <ul style="list-style-type: none"> <li>• The priority is to maintain the existing stock to the required standard.</li> <li>• To use investment planning based around creating sensible geographic concentrations of work for internal refurbishments, so programmes can be efficiently managed and delivered from local site set ups.</li> <li>• External works have been planned around the seven year cyclical decorations programme, with the intention that where scaffolding is erected for external decorations other key components that require work are also replaced.</li> <li>• Programmed works will include: <ul style="list-style-type: none"> <li>○ Continuation of kitchens and bathroom replacement, rewires and heating improvements</li> <li>○ Continue the replacements of roofs and other external elements</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>○ Commencement of a major programme of lift replacement</li> <li>○ A programme of window replacements, focusing on those areas where existing single glazed windows have reached the end of their useful life.</li> </ul> <p>Future levels of capital investment will be determined once the impact of the Housing and Planning Act (high value voids) becomes clearer.</p>
3.7.2	The TMO will continue to work with the Council on asset management projects.	<p><b>Capital Investment</b></p> <p>The capital budget for 2017-18 is £15.89m. This year's programme will continue to focus on the delivery the External Repair and Redecoration Programme and the Lift Renewal programme. Each programme will focus on the replacement of key components. Decisions on the renewal of lifts and windows will be taken on an individual basis and will take into account a number of factors, including the financial implications for the HRA over the medium to long term. This approach carries some risk relating to whether leasehold charges can be recovered under the terms of the leases and legal opinion has been sought on this point.</p> <p><b>Trellick Tower</b></p> <p>The external repair and redecoration of Trellick Tower is underway and will complete in 2018/19.</p> <p>The scope of works includes;</p> <ul style="list-style-type: none"> <li>• Concrete repairs to the fabric of the building</li> <li>• Repairs and restoration of all flat windows and replacement of the communal windows (Crittall windows)</li> <li>• Repairs to roof coverings to the service tower and lower block roofs</li> <li>• Decorations to all previously painted surfaces will also be included as part of the scope of works – windows, balcony railings and cedar wood cladding.</li> </ul> <p>The current estimated cost is £7.3m. Wates Construction have been</p>



	<p>appointed as main contractors for the works and have competitively tendered subcontractor packages of works. Consultants, Baily Garner, are the Client Representative for the project and are responsible for cost control. Given the nature of work being undertaken, there is a risk of increased cost. A contingency has been built into the scheme budget and the cost of work will be closely monitored to ensure that the project can be contained within the capital budget.</p> <p>A number of resident meetings have taken place in the development of the works and a leaseholder meeting took place over the duration of the Section 20 consultation. Regular newsletters are produced to keep residents informed of progress. Wates have a team based on site with Resident Liaison Officers to keep residents informed of progress.</p> <p>The works started on site in May 2017 and are due to complete in July 2018.</p> <p><b>Regeneration of Estates</b></p> <p>The TMO will continue to support the Council's ambitions for the regeneration of the four programmed estates (Barlby and Treverton, Warwick Road, Edenham and Silchester). This will include provision of information, aligning asset management and programming capital works, as well as supporting communications and consultation.</p> <p><b>Hidden Homes</b></p> <p>Feasibility studies are being undertaken at a number other sites to explore the possibility of providing further homes.</p> <p><b>91 Tavistock Crescent</b></p> <p>8 new units will be delivered by July 2017.</p> <p><b>The Housing Regeneration Programme (HRP)</b></p>
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		Four bids are being assessed for the 2017-18 programme.
3.7.3	Capital Programme monitoring	The Council and KCTMO will be working closely together to monitor the progress of the programme throughout the year, as well as the use of the procurement framework, further disposals or conversions and the impact of legislative changes likely to impact on the programme or delivery. Reports prepared for the TMO's Operations Committee will be shared with the Council and council officers will join the TMO when meeting contractors of the asset management projects.
3.7.4	Working with the Council to improve the quality and supply of TA	The Council will continue to maximise the opportunities for providing TA units that KCTMO will manage. The TMO and Council will work to improve the quality and supply through investment.
3.7.5	Intermediate and market rent	Further opportunities for providing intermediate and market rent products will be investigated as part of the active asset management.
3.8	<b>Health and Safety</b>	
	Health and safety issues in the social housing sector that have arisen during this year include: window safety, fire safety and cleanliness at supported housing schemes.	<p>KCTMO will –</p> <ul style="list-style-type: none"> <li>• Produce an Annual H&amp;S Report covering the period from 1<sup>st</sup> April 2016 until 31<sup>st</sup> March 2017</li> <li>• Continue to produce a quarterly H&amp;S update for KCTMO Board and report to Scrutiny on specific H&amp;S issues as required</li> <li>• Obtain approval from KCTMO Board and RBKC and work to embed the new Fire Safety Policy &amp; Strategy</li> <li>• Commence a 5-year programme of flat entrance door inspection and self-closer installation</li> <li>• Increase frequency of comprehensive Fire Risk Assessments (FRA) in line with revised Fire Strategy</li> <li>• Install Fire Action Notices within communal areas of all blocks</li> <li>• Adopt new CRM workflow for allocating and monitoring completion of FRA actions</li> </ul>

		<ul style="list-style-type: none"> <li>• Complete Annual H&amp;S Inspections &amp; Property Risk Assessments on the communal areas of 50% of the blocks</li> <li>• Produce new CRM asbestos workflow to ensure that all recommendations from asbestos surveys are progressed, documentation is submitted and asbestos register updated as swiftly and efficiently as possible.</li> <li>• Quarterly auditing of asbestos works orders and asbestos register being introduced to further ensure compliance.</li> <li>• Report performance to the H&amp;S Committee and consider adopting a specific KPI in this area.</li> <li>• Additionally, KCTMO will review the Asbestos Management Plan to ensure it reflects the new workflow arrangements.</li> <li>• Ensure all workplace &amp; work activity risk assessments are reviewed regularly and staff consulted</li> <li>• Undertake 6-monthly workplace inspections &amp; property risk assessments to ensure compliance and control risks faced by staff</li> <li>• DSE on-line self-assessment – work towards sustaining 100% compliance</li> <li>• Undertake employee H&amp;S questionnaire to establish gaps in knowledge and awareness and enable the H&amp;S Committee to produce an Action Plan to address these</li> <li>• Policies &amp; procedures – to work with Repairs Direct to ensure that group policies &amp; procedures are adopted where possible</li> </ul> <p>H&amp;S KPIs – work to improve and increase reporting particularly in relation to planned preventative maintenance of fire safety equipment and systems</p>
3.9	<b>Emergency Planning</b>	KCTMO's Emergency Planning arrangements will be reviewed after every major incident and any necessary improvements implemented with immediate effect. Efforts to ensure closer liaison with the Borough's Emergency Planning Team will be sustained and the possibility of jointly running further emergency planning exercises will be investigated.
4.	<b>Conclusion</b>	

	<p>The priorities remain the delivery of high quality management services to residents and maintaining and protecting condition on the stock. Health and safety matters and the monitoring of standards and risks remain a core element of the performance agreement ensuring operational objectives are met. The TMO will continue to actively engage residents to ensure the roll out of Universal Credit, support residents in to work and to manage the impacts of welfare reform. The TMO will support the Council's ambitions for the stock; to improve the condition through active asset management, investment and income generation, as well as using the opportunities created by regeneration to provide a range of tenure options improving the offer to residents.</p>
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