

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

HOUSING AND PROPERTY SCRUTINY COMMITTEE

13 JULY 2016

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 2015/16 AND PERFORMANCE AGREEMENT 2016/17

The purpose of this report is to introduce two documents; Kensington and Chelsea Tenant Management Organisation's (KCTMO) Performance Review 2015/16 considers RBKC TMO performance against a range of indicators and audits for 2015/16 and the TMO Performance Agreement for 2016/17 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 3) the framework is used to look back at the performance of the last year in the Annual Review 2015/16 against the key priorities set out in the Performance Agreement for 2015/16 (and updated in the six month report to the Scrutiny Committee on 5 November 2015). The second part of the report, Appendix 2 (page 23), the Performance Agreement 2016/17, 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 2016/2017, 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 2015/16

- 2.1 This paper forms Appendix 1 of this report. It describes KCTMO's performance against the 2015/16 Performance Agreement that includes a range of housing activities, key performance indicators (PI's) and the Audit Plan for 2015/16.

2.2 Executive Summary

- 2.2.1 Performance across the three key areas is to be commended as there has been considerable success. Nine of the fifteen performance targets were met, three were within the tolerated threshold and the two external investment PI targets were missed (HS31 and L4101). This was due to the need to confirm that the KCTMO's procurement framework was compliant in terms of allowing for recharges on leaseholder major works. KCTMO's audit programme delivered an outstanding result with six audits receiving a substantial rating, and to date, no audits were classified as limited.
- 2.2.2 The Grenfell Tower project is just finishing, this has delivered £10.3m of investment improving thermal efficiency with new heating and double glazing, providing nine new homes and a refurbished nursery and boxing club. The full capital programme allocation was spent. The commercial portfolio generated an income of £3.115m from commercial rents in 2015/16. The workstreams which form KCTMO's core business around welfare reform, resident engagement and health and safety continue to be delivered enabling the Council to meet its statutory duties and strategic aims.
- 2.2.3 Further details of the performance can be found in Appendix 1

3. CONCLUSION FOR 2015/16

- 3.1 KCTMO has demonstrated its on-going commitment to providing quality housing management services and to being the key strategic partner in delivering the Council's objectives for the housing stock

and residents across a range of operational areas. 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 maximized 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 new legislation and working practices ensures that the Borough continues to provide quality housing services within the resources available.

4. THE PERFORMANCE AGREEMENT FOR 2016/17

- 4.1 The Performance Agreement for 2016/17, 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 last year will continue; the roll out of Universal Credit, worklessness, digitalisation, the programme of cyclical repairs and planned improvements.
- 4.2 The big challenge will be to maintain the high standards 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 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 2015-16

1.	Executive Summary A commendable year based on performance across the three main monitoring areas: <ul style="list-style-type: none"> • Performance Indicators - nine of the fifteen performance targets were met, three were within the tolerated threshold and only the two external investment PI targets were missed (HS31 and L4101) for a key reason (see 3.1 below) • RBKC Audit scored six audits, including health and safety, risk management and accounting as substantial, with the remainder classified as satisfactory (see 3.2) • Business Activities: <ul style="list-style-type: none"> ○ Completion of the £10.3m project at Grenfell Tower ○ Income generation of £3.115m on the commercial portfolio ○ Continued commitment to residents going over to Universal Credit ○ Compliance with various health and safety requirements (fire, gas and electrical safety) ○ Supporting the active asset management approach to maintain and improve the stock to maximise the rent return. 	
2.	Purpose of the Report 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	
3.	Key Areas of Performance	
3.1	Performance Indicators (PIs) –	<ul style="list-style-type: none"> • Nine of the fifteen PI targets were achieved. Three were within the accepted threshold of the target and two PIs missed their target. • Despite issues with the Council's Agresso system rent and leaseholder collection rates were met. • Inspection pass rates and satisfaction with repairs has improved considerably from last year. • Relets times have reduced by 5 days since last year and

		<p>void loss has reduced to 0.73%.</p> <ul style="list-style-type: none"> There are mitigating circumstances why the external investment PIs were not met. The externals programme depended on the decision from the Leasehold Valuation Tribunal about the validity of the use of KCTMO's procurement framework, this was given in June. Time was allowed for a challenge and then the programme was revisited in light of other asset management priorities.
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Ref	Performance indicator (PI) title	Good is?	2014-15 Actual	2015-16 Target	2015-16 Actual	Achievement	Commentary
HS 1	Post inspection pass rate >=90%	HIGH	63.49%	>=90.0%	92.25	😊	Performance improved across all categories with 4 of the key Repairs Direct PIs achieving target, with the remaining two below target but within tolerated limits and all showing improvements when compared to outturns for 2014-15. The focus moving into 2016-17 will target continued improvement across all measures.
HS30	Satisfaction with responsive repairs (Repairs Direct)	HIGH	93.69%	>=95%	97.14%	😊	
HS 2	Local authority tenants satisfaction with landlord services. (Biennial)	HIGH	78.9%	Not collected	Not collected	-	The next proposed survey is 2016. The 2013 Test of Opinion showed tenant satisfaction at 78.9% and tenant and leaseholder satisfaction at 75.3%.
HS 20	Number of homes brought up to the Investment Standard internally	HIGH	327	1004	933	😊	The focus this year has been on internal work (kitchens and bathrooms).
HS 31	Number of homes brought up to the Investment Standard externally	HIGH	1420	2157	120	😞	
L4101	Number of homes where SAP rating has increased through planned works	HIGH	1341	1091	120	😞	External works (windows and cavity wall insulation which influences SAP ratings) planned for 2015-16 have been slipped into 2016/17 to allow Section 20 leaseholder consultation processes to take place.
HS9	Rent collection and arrears recovery: rent collected (including arrears brought forward). (YTD)	HIGH	97.69%	98.13%	99.20%	😊	At year end current tenant rent arrears stood at £1,035,802, against a target of <=£984,493. Ongoing Agresso problems continue with missing rent payments totalling £63,000. If these payments had been received directly into accounts, arrears would have ended the year below the £984k target. A collection

L4104	Rent collection and arrears recovery: seven weeks arrears. (YTD)	LOW	3.96%	4.5%	4.38%	😊	drive during Q4 and, to some extent, payment of refunds on service charges for heating and hot water then applied to rent arrears, has assisted in the reduction of arrears. The TMO continues to be a top quartile performer for both rent collection and arrears as a percentage of rent roll.
L4108	Average number of days to re-let local authority housing. (YTD)	LOW	23.86	23	18.69	😊	Over 200 general needs and 10 sheltered accommodation homes were re-let, plus temporary accommodation units, temporary decants and lets at Burgess Fields. The average turnaround of a standard minor works void was 18.69 days. This low turnaround and decrease in the number of properties requiring major works has meant void loss decreased from 1.28% in 2014-15 to 0.73% - in monetary terms this equates to a saving of over £250k. When compared to the quartile positions for our HouseMark peer group, our outturn for 2015-16 puts the TMO in the top quartile for both the average re-let time and void loss.
HS 11	Proportion of approved housing capital investment programme spent. (YTD)	HIGH	99.8%	100%	103%	😊	Spend was £11,846,266 against the budget of £11.5m. The £314,555 is being funded from the 16/17 budget.
HS 6	Collection rates – leaseholder service charges. (YTD)	HIGH	104.681%	100.172%	113.375%	😊	Targets for the collection of leasehold service charges and major works invoices were met for 2015-16.
HS 7	Collection rates – leaseholder major works. (YTD)	HIGH	129.884%	69.689%	105.638%	😊	For the HouseMark PI 'Arrears as a % of service charges due', the TMO has retained a top quartile position when compared to 14-15 peer group outturns.
L5154	Collection rates and arrears: Travellers Site	HIGH	103.40%	100%	98.27%	😐	Within 2% of target – 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
L5157	Percentage of Units Available for Letting but Vacant	LOW	0.67%	0.65%	0.71%	😐	Within 10% of target - a slight increase in the number of properties undergoing major works resulted in a higher level of voids due to longer turnaround times, plus some delays with allocations due to vulnerable applicants.

L5258	Percentage rent collected (excluding arrears brought forward)	HIGH	99.65%	99.96%	101.07%	😊	See commentary for H9
3.2	Audits						
	The audits for 2015/16 were as follows:						
		Service Area		Audit		Outcome	
		Corporate Accounting – KCTMO and Repairs Direct		Full Review		Substantial	
		Leaseholder consultation and Debt Management		Full Review		Substantial	
		HRA Accounting		Full Review		Substantial	
		IT Network Security		Full Review		Satisfactory	
		IT Server Infrastructure		Full Review		Postponed to Q1 16/17	
		Operations:					
		Housing Rents		Full Review		Satisfactory	
		Housing Management		Full Review		In draft	
		Lifts Contracts - Management		Full Review		Substantial	
		Property Data and Standards Team – Asset Management		Full Review		In draft	
		Cleaning Contract - Management		Full Review		Satisfactory	
		Finance and IT:					

		<table> <tr> <td>Health and Safety</td><td>Full Review</td><td>Substantial</td></tr> <tr> <td>Executive:</td><td></td><td></td></tr> <tr> <td>Risk Management</td><td>Full Review</td><td>Substantial</td></tr> <tr> <td>Procurement Governance</td><td>Full Review</td><td>Satisfactory</td></tr> </table>	Health and Safety	Full Review	Substantial	Executive:			Risk Management	Full Review	Substantial	Procurement Governance	Full Review	Satisfactory
Health and Safety	Full Review	Substantial												
Executive:														
Risk Management	Full Review	Substantial												
Procurement Governance	Full Review	Satisfactory												
3.3	Respond to the impact of welfare reform													
3.3.1	Universal credit being paid directly to tenants.	<p>Universal Credit (UC) was introduced in the borough on 9th November 2015. Since its introduction, KCTMO has been working closely with RBKC's Revenues Team to identify and support those who have migrated over to UC.</p> <p>A new module has been implemented within Capita Housing to ensure KCTMO can monitor those who are claiming UC, to enable the Welfare Reform Officers to manage initial cases and also to help the Rent Income Team identify those who are in arrears and are in the process of claiming UC.</p> <p>At year end, KCTMO were aware of 20 tenants who are claiming UC. Further work is being undertaken with the DWP to ensure KCTMO is notified of any new claims and understand the process of submitting an Alternative Payment Arrangement (APA), for housing payments to come directly to KCTMO.</p> <p>The Welfare Reform Officers have written to all those tenants who are most likely to be migrated onto UC, providing information and offering an appointment to discuss their personal circumstances. This will continue for those who have started to claim UC, with further training also planned for the Rent Income Team to ensure they can effectively manage arrears cases.</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	<p>KCTMO continues to work with RBKC on long-term solutions for households who need to move to smaller accommodation due to the welfare reform changes. These include:</p> <ul style="list-style-type: none"> • Mutual exchange (for which there are financial incentives); • Transfer to smaller accommodation (for which there are financial incentives and priority points are given); 												

	affordable.	<ul style="list-style-type: none"> • Employment opportunities through Pathways to Work; • Advice obtainable at KCTMO road shows, resident events and estate surgeries. <p>At year end 288 tenants were impacted by the social sector size criteria and 13 by the benefit cap. KCTMO has carried out 11 mutual exchanges for those affected by the welfare changes and there have been 5 transfers.</p>
3.3.3	The TMO will continue to work with the Council on the delivery of support for workless tenants and households	<p>KCTMO's second 'Get Wise' Roadshow was held on 16th April at Henry Dickens Court. This joint event with local housing providers, external agencies and various KCTMO departments offered a wide range of training support around the three main themes, Health and Wellbeing, Employment & Training and Finance and Budgeting.</p> <p>RBKC carried out a jobs roadshow at the KCTMO residents' conference in September. This roadshow was well attended by residents looking to get back into work.</p> <p>The TMO will continue its integral involvement in the RBKC Housing and Worklessness project and its obligations under the Pathways to Work Charter. The TMO's Welfare Reform officers continue to work with residents in receipt of benefits (as covered at 3.3.2 above), and refer to various employment support agencies where appropriate in line with the Charter.</p>
3.4	Investing in the Borough's Stock	
3.4.1	The TMO will continue to work with the Council on the HRA business planning and asset management	<p>The reduction of social rents by one percent for four years and the introduction of a levy in respect of high value voids are likely to give rise to a deteriorating financial outlook for the HRA.</p> <p>Future levels of capital expenditure are therefore uncertain. It is anticipated that the position will be clearer when the HRA Business Plan is refreshed later in the year.</p>

		Asset management has focussed on how the TMO's 5 year capital programme aligns with the Council's regeneration proposals, ensuring that investment standards are maintained.
3.4.2	The TMO will continue to work with the Council on asset investment projects.	<p>Grenfell Tower Regeneration The regeneration of Grenfell Tower is complete except for the final piece of environmental work around the block. The work has delivered:</p> <ul style="list-style-type: none"> • New controllable communal heating to 120 flats (with individual control) • New double glazed windows • Thermal overcladding • New entrance • 9 New Hidden Homes at an average cost of £100,000 per unit. • Community Room • Boxing Club • Nursery <p>Trellick Tower A programme of planned cyclical repairs at Trellick Tower is being undertaken. This will include:</p> <ul style="list-style-type: none"> • Roof replacement and repair • Specialist building fabric repairs • Restoration of private dwelling windows • Replacement of communal area windows • Decoration of previously painted surfaces including windows and private balcony areas <p>The estimated cost of this work is currently £7.23m. It is expected work will commence in autumn 2016 and complete late 2017.</p> <p>Hidden Homes Whistler Walk completed in August 2015 and delivered 7 new homes within budget.</p>

		<p>Holmefield House will be on site shortly, this will produce one new residential unit from a converted office and resident's room.</p> <p>Feasibility studies are being carried out on 4 other sites.</p>
3.4.3	Capital Programme Monitoring	Regular capital programme monitoring is taking place involving KCTMO and the Housing Department's Regeneration, Finance and Housing Commissioning teams. Included in this year's work programme has been the introduction of the new process of issuing works estimates to leaseholders and a process for investment of estates being considered for regeneration.
3.4.4	The Capital Works Procurement framework	Following the establishment that the procurement framework is a Qualifying Long Term Agreement and does meet the requirements in terms of a valid leaseholder consultation (section 20 notices) in June 15, KCTMO is now using the asset management framework arrangement it developed to provide contractors and consultants for capital works (contractors - KeepMoat and Wates and consultants - JRP and Baily Garner).
3.5.	Repairs Direct	<p>The business has seen an improving trend in service delivery metrics, with an improvement in KPI scores across 2015/16. Further, all KPI were green in both March and April 2017, following an increased and daily focus on the drivers.</p> <p>Following the appointment of a new, permanent managing director in January 2016, further recruitment has continued at a pace, with all senior roles now appointed and activity underway on all other vacancies. All long term absence cases have been resolved, short term absence remains within acceptable parameters and staff turnover remains low.</p> <p>The Repairs Direct and TMO Boards have recently approved a new 5-year business plan, which will see investment in service delivery to residents, funded from business profits and expansion in to new revenue generating customers, starting with paid for services being offered to tenants. Services to RBKC residents will remain the core of the business.</p>

3.6	Disposals	<p>Cabinet has given approval for disposal of four HRA properties and one conversion to intermediate rent.</p> <p>There have been two completed disposals this year and a third is out to the market currently.</p> <p>Disposal of the fourth property has been halted whilst decant opportunities for the remaining tenant are being investigated.</p> <p>Similarly, the property identified for conversion to intermediate rent has been stalled because the property has not been vacated by the temporary residents and the Council is attempting to resolve this situation.</p>
3.7	Temporary Accommodation (TA)	Where the Council has been buying back properties on estates scheduled for regeneration properties, the properties are being let as TA while regeneration plans are progressed. This will insure a continued income stream and provide much needed units of in-borough TA. Housing, Corporate Property and KCTMO have been working closely to make arrangements for these properties to be leased and managed by KCTMO, along with the portfolio of other TA and hostel accommodation.
3.8	Intermediate and Market Rent	<p>Further conversion of a small number of properties to intermediate and market rent is being considered as part of the Asset Management strategy for units identified as non-performing assets, and for buy back properties, in order to maximise the rental income.</p> <p>There is currently work around the heads of terms, leases, tenancy agreements and the service level agreements to ensure the governance is in place for these arrangements to become operational. KCTMO will provide housing management for both products but the letting of intermediate rented properties will be through the Council's Allocations team, and the market rented properties will be through agents employed by Corporate Property.</p>

3.9	MMA	<p>The review of the Modular Management Agreement with KCTMO was agreed in November 2015. This confirmed a number of amendments, including:</p> <ul style="list-style-type: none"> ○ Changes to the insurance clauses to reflect actual practice ○ Changes to the termination process to streamline the process which when used in respect of the Lancaster West Estate MMA was confusing and contradictory. ○ Removal and changes to clauses that are covered by the agreed Financial Protocols that have been updated to align with the revisions to the MMA ○ Re-instating the allocation of tenancies to the Council ○ Revising the Commercial Properties section to reflect actual practice ○ Revising the terminology in respect of Council nominees <p>Work has started on a further revision to include the work around Intermediate and Market rent, the procurement framework and further legislative changes, such as Pay to Stay.</p>
3.10	Digitalisation	
3.10.1	Tackling the digital divide by considering how to address barriers that are preventing tenants benefiting from these technologies.	<p>KCTMO has developed its Digital Inclusion Plan, which will support the aims of the Corporate Investment Strategy, which includes a section on digital inclusion, namely:</p> <p><i>Facilitating digital inclusion to enable access to apply for benefits, jobs and services online</i></p> <p>This plan will involve the development of Digital Champions, both of staff and resident volunteers and signposting residents towards local pre-existing services in the Borough that provide digital inclusion support.</p> <p>As part of the KC Places programme which is investing in our community clubrooms, Wi-Fi has been installed as a pilot in the Kensal Resource Centre which is part of the Kensal New Town estate. KCTMO has also contributed to the RBKC IT hub in the south of the borough based at the Chelsea Theatre.</p>

		<p>KCTMO was involved in the development of the Tri-borough Project looking at the issue of digital inclusion for social housing tenants.</p> <p>Residents' internet Access has been included within the tenancy check process.</p>
3.11	Health and Safety	
3.11.1	<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>Adair & Hazlewood Towers Update on works to comply with the Enforcement Notices</p> <p>Following the fire at Adair Tower in October the investigation by the London Fire Brigade (LFB) and by the Police considered it to have been non- accidental (arson). The Police arrested the alleged perpetrators and charges are expected to be brought against these individuals. Investigations are ongoing.</p> <p>Following the LFB's investigation and post-fire audit of Adair Tower and their subsequent audit of its sister block Hazlewood Tower, (which is identical in design and construction) KCTMO/RBKC was served with two Enforcement Notices – one relating to each block. The key matters raised in the Enforcement Notices relate to the installation of self-closing devices on all flat entrance doors and the requirement to review the protection to each communal staircase and ventilation to the lift lobbies to ensure that both staircases are not affected by smoke and are available for use by residents and attending fire crews.</p> <p>KCTMO and RBKC agreed to ensure that all flat entrance doors in both blocks are sufficiently fire-rated and fitted with self-closing devices. Contractors are currently on site. Inspections have been completed on the majority of the doors with further attempts to obtain access to the remaining flats ongoing. An access procedure has been adopted and in cases where access is persistently withheld residents will be referred to legal services who will pursue access via legal means. Contractors have also commenced the necessary remedial work /</p>

		<p>door replacement.</p> <p>To clarify the LFB's requirements in relation to ventilation and protection within lift lobbies and staircases as set out in the Enforcement Notices, KCTMO engaged the services of specialist fire engineering consultancy, Exova. Exova liaised with the LFB to clarify its requirements, investigated the original building design criteria (confirming that this was still being met), inspected and surveyed both blocks and produced a report making recommendations to satisfy the LFB's requirements. Further, Exova was then involved in producing the draft specification for the recommended works to address the ventilation and protection issues.</p> <p>The finalised recommendations from the Exova report and KCTMO's costed proposal for how these are to be achieved was approved by RBKC's Director of Housing.</p> <p>The contractor undertaking the works to upgrade / replace the flat entrance doors has also been appointed to undertake the works to address the LFB's ventilation concerns by installing fire-rated screens to fully enclose the lift lobbies and separate them from the accommodation staircase. Both programmes of work are currently on target to be completed by early August 2016.</p> <p>The LFB has been updated on KCTMO's progress with meeting the requirements of the Enforcement Notices at the regular (bi-monthly) KCTMO / LFB Liaison meetings. Further the LFB have been provided with a copy of the recommendations from the Exova report and asked to confirm their approval for the works to proceed.</p> <p>The LFB has agreed a three month extension on both Enforcement Notices requested by KCTMO as the original contractor engaged to complete the work went in to liquidation part way through the inspection process and it took longer than expected to complete the specification for the ventilation and</p>
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		staircase protection works. All works are on target to be completed within the extended period.
3.11.2	Other Health & Safety work	<p>Significant work was undertaken to enable the Health & Safety Committee to better monitor health and safety compliance. The Committee's Health & Safety Action Plan has now been supplemented by a range of regular reports covering areas such as workplace health and safety, Fire Risk Assessments, Accidents and Dangerous Occurrences and a suite of Key Performance Indicators which are presented on a quarterly basis.</p> <p>In this reporting period particular areas to highlight -</p> <p>H&S Internal Audit</p> <ul style="list-style-type: none"> • RBKC undertook an internal audit of KCTMO health and safety and the result was a rating of "Substantial Assurance". This is a significant improvement from the "Limited Assurance" rating in 2012/13 and "Satisfactory" in 2013/14. <p>Fire Safety</p> <ul style="list-style-type: none"> • The Programme of Fire Risk Assessments (FRAs) within communal areas required by fire safety legislation, is ongoing and continues to adhere to best practice guidelines and comply with London Fire Brigade (LFB) requirements. • LFB Liaison - bi-monthly meetings between KCTMO and LFB continue. LFB continue to undertake familiarisation visits to the blocks, offer Home Fire Safety Visits to our residents and have been encouraged to participate in our Resident Roadshows. • Progress with the programme of electrical inspection and testing within dwellings and communal areas continues with the communal programme now running at 100% compliancy rate. Inspections within dwellings incorporate the installation of a hard-wired (with battery back-up) automatic fire detection system and 95% of the tenanted stock is now compliant. To address access issues that have prevented this programme reaching full compliance a new access procedure was drafted in liaison

		<p>with legal services and is being used to ensure persistent non-access is addressed effectively. This has significantly increased resident safety and has contributed to the low number of injuries in fires within the stock.</p> <ul style="list-style-type: none"> • Continue to produce regular publicity in the residents' magazine (The Link) and also within the Home Owner Newsletter to promote fire safety and publicise our "stay put" strategy, policy on communal area storage, approach to mobility scooter storage and charging etc. • Continued liaison with Ofcom has prevented further pirate radio activity on roofs of the high-rise blocks in the last year. • With regard to resident safety gas servicing continues to run consistently at 100% with legionella prevention measures also attaining high compliancy rates. • H&S Policies – Gas Safety, Water Quality and Asbestos Policy have all been reviewed and updated in this period and the Asbestos Management Plan is also being finalised following a recent review <p>Staff Health & Safety</p> <ul style="list-style-type: none"> • With regard to staff health and safety there is an ongoing programme of workplace inspections and risk assessments, work activity risk assessments, allocation and monitoring of lone worker safety devices, accident and violent incident investigation, regular health and safety training etc. • DSE on-line self- assessment software has been purchased and is currently being trialled by the Health & Safety Committee in advance of roll out to all staff
3.12	HRA commercial portfolio	<p>The portfolio currently comprises 182 properties, producing a commercial income in 2015/16 of £3.115m. Operational management is provided via a Service Level Agreement between KCTMO and RBKC Corporate Property, which sets out mutual responsibilities and details performance expectations.</p> <p>There was around a 5% commercial rental income increase, which totalled £2.973m in 2014/15.</p>

		<p>Rent collection in the year also dipped to £2.90m, with aged debts (over 60 days old) totalling £248k at year end. Whilst Corporate Property still achieved its KPI target of keeping aged debt below 5% of the total rent roll, the increased arrears reflected administrative problems encountered with the implementation of Agresso, the new tri-borough finance system.</p> <p>These administrative problems are now resolved, but their resolution reduced staffing capacity to progress other priority areas. For example, implementation of new leases on telecoms sites and completion of work to revalue and address issues on HRA properties occupied by RBKC departments without formal leases has been deferred to 2016/17.</p> <p>However, lease renewals and rent reviews were successfully completed in the course of the year, most notably for the Fulham Road shop units leased to Stella McCartney, where negotiation resulted in a rent increase being phased over five years.</p>
3.13	Parking Review – Commercial Workstream	<p>This KCTMO-led project will in future generate c£1m pa in new income by leasing underutilised estate parking sites for commercial redevelopment.</p> <p>Acklam Road (Swinbrook Estate) A new lessee, Brunel Estates, was identified for this site following withdrawal of the previous proposed lessee prior to completion. July 2015 Cabinet approved a lease that will convert the site to a business hub and generate £200k pa in new income on a 25 year term. Lease completion is estimated for 2016/17 Q2, subject to our approval of the lessee's construction proposals.</p> <p>Lowerwood Court (Convent Estate) This site was brought forward for commercial leasing in 2015/16. February 2016 Cabinet approved a lease to Second Home, which will convert the site to offices with auxiliary café and exhibition spaces and generate £550k pa in new income on a 20 year term. Lease completion is estimated for 2016/17 Q4,</p>

		<p>subject to final legal agreement and our approval of the lessee's construction proposals.</p> <p>Holmefield House Leasing of this site to Iridium Assets for conversion to self-storage was originally agreed by Cabinet in October 2014. Lease terms have subsequently been renegotiated and the agreed rent increased. Cabinet approved the improved terms in November 2015, but further site investigative work has been required. Lease completion is now estimated for 2016/17 Q3.</p> <p>Walnut Tree House (Tregunter Estate) Lease of this site to Fortbox completed in 2014/15. However, there have been considerable problems with water ingress, which prevented the lessee from fully trading the site. We have been working with the lessee to resolve these and ensure the site becomes operational and starts paying the agreed rent.</p>
3.14	Parking Review – Enforcement Workstream	<p>This joint project between KCTMO and RBKC Transport & Highways enabled enforcement of estate car parks via statutory traffic management orders, preventing uncontrolled parking and protecting the c.£800k pa HRA income from sale of parking permits.</p> <p>On-street and off-street traffic management orders were made statutory in Q2 and Q3 2015/16. Works to amend signage and lines on the estates were then carried-out in Q4, with new permits issued and patrols commencing shortly thereafter.</p> <p>Eight estates were excluded from the traffic management orders following objections received from residents during consultation. At present there is no enforcement on these estates, although residents have been informed that traffic management orders could be amended to cover them in future.</p>
3.15	Resident Engagement	<p>KCTMO's annual Residents' Conference was held in September 2015. The event which was attended by over 400 residents and 55 children was the most</p>

		<p>successful TMO residents' conference in terms of numbers and diversity of residents attending.</p> <p>The number of young residents signing up to the Youth Engagement Project continues to grow and now stands at 325 young people. The increased engagement is mainly through the successful delivery of a number of sport projects and local community roadshows.</p> <p>There has been two successful Roadshows held concentrating on Employment and Training and Health and Wellbeing.</p> <p>The Communities outreach project has been extremely successful and has engaged with 400 residents and their families that KCTMO has not worked with before. The project was nominated for an award by the Nation Federation of ALMOs.</p>
3.16	Travellers' site	<p>Stable Way travellers site continues to be managed effectively and within agreed budgets. A number of issues have progressed in 2015/16 including:</p> <ul style="list-style-type: none"> • Resolution of an onsite issue impacting weekly refuse collection. Processes have been put in place to mitigate future issues. • Remedial works carried out to fill cracks to the entry road which was a health and safety concern. • Review of the waiting list to ensure it was in line with agreed procedures for allocation. • Effective management of anti-social behaviour, with the Site Manager making good links with the local Policing Team and using prevention tools including mediation and warning letters to stop neighbour disputes from escalating. • Effective income collection, achieving 98.3% rent collection rate at year end. • Production of a residents' handbook which is being developed by the TMO's Communication Team.

		<ul style="list-style-type: none"> • Development of a staff handbook to help internal departments' knowledge of the site. This will be completed within 2016/17. • In-touch days between residents and Repairs Direct repair supervisors to improve already good relations. • Enhancement of the Site Manager's skills through providing benefit advice and tenant support through improved working with internal departments. <p>Further work needs to be undertaken in 2016/17 to understand the future investment need for the site to ensure buildings are well maintained through a programmed scheme of capital works. This will need to be discussed further by RBKC and London Borough of Hammersmith & Fulham.</p>
4.	<p>Conclusion</p> <p>KCTMO has demonstrated its on-going commitment to providing quality housing management services and being the key strategic partner in delivering the Council's objectives for the housing stock and for residents across a spectrum of operational areas. 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 maximized 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 new legislation and working practices ensures that the Borough continues to provide quality housing services within the resources available.</p>	

TMO PERFORMANCE AGREEMENT 2016-17

1.	Executive Summary <ul style="list-style-type: none"> • Many aspects of the Performance Agreement for 2015-16 are to be continued or maintained • PI targets have been refreshed, with the expectation that performance is maintained or improved • There is a full range of audits planned across Operations, Finance and IT, People and Performance and the Executive • Welfare reform and Universal Credit remain high on the agenda • 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. • Income generation and income collection will be closely monitored • 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. 	
2.	Purpose of the Report <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. More detail on the project work that can be provided if required.</p>	
3	Key Areas of Performance	
3.1	Performance Indicators –	<ul style="list-style-type: none"> • 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.				
Ref	Performance indicator (PI) title	Good is?	2015-16 Target	2015-16 Actual	2016-17 Target	Commentary
HS1	% Post Inspections passed (Repairs Direct)	HIGH	>=90.0%	92.25%	>=90%	Target remains, as per the contract framework.
HS30	Satisfaction with repairs (Repairs Direct)	HIGH	>=95.0%	97.14%	>=95.0%	Target remains, as per the contract framework.
HS 2	Local authority tenants satisfaction with landlord services. (Biennial)	HIGH	-	-	-	The next proposed survey is 2016. Results from the Test of Opinion undertaken in Autumn 2013 showed tenant satisfaction at 78.9% and tenant and leaseholder satisfaction at 75.3%
HS 5a	Number of homes brought up to the internal Investment Standard	HIGH	1004	933	>=1400	
HS 5b	Number of homes brought up to the external Investment Standard	HIGH	2157	120	>=1950	
HS 3	Number of homes where SAP rating has increased through planned works	HIGH	1091	120	>=300	
HS 4	Average number of days to re-let local authority housing. (YTD)	LOW	<=23	18.69	<=22	Target reduced by one day for 2016-17.
HS 6	Homeownership: service charge arrears	HIGH	<=£171,845	£141,705	<=£120,449	Replacing collection PIs with arrears figures for both service charges and major works. This is to provide a clearer picture of performance.
HS 7	Homeownership: major works arrears	HIGH	<=£1,216,050	£1,151,217	<=£1,715,516	

HS 8	Rent collection and arrears recovery: seven weeks arrears. (YTD)	LOW	<=4.50%	4.38%	<=4.50%	See HS9
HS 9	Rent collection and arrears recovery: rent collected. (YTD)	HIGH	>=98.13%	99.20%	>=98.02%	The objective for the 2016-17 year is to maintain the year end position for current tenant rent arrears as Universal Credit is rolled out across the borough. This is a challenging target and we will be regularly reviewing the impact of Universal Credit on our collection rate and overall arrears.
HS 11	Proportion of approved housing capital investment programme spent. (YTD)	HIGH	99%	103%	99%	
HS 10	Collection rates and arrears: Travellers Site	HIGH	>=100%	98.27%	>=100%	

3.2	Audits The audits programmed for 2016/17 as follows:	Service Area	Audit	Timing
		Finance and IT		
		IT Strategy	High Level Review	Q1/2
		Open Contractor	Application Review	Q2
		IT Server Infrastructure	Full Review	Q1/2
		Operations:		
		Capital Programme	Full Review	Q1
		Electrical Safety checks and Contract arrangements	Full Review	Q4
		Framework Procurement	Full Review	Q2/3
		Repairs Direct	Full Review	Q2/3
		Garage and Commercial Lettings	Full Review	Q3

		Fixed Term Tenancy Management	Part of a full review in RBKC Housing.	Q1
		People and Performance:		
		Payroll/Personnel	High Level Review	Q3
		Residents Engagement	Full Review	Q3
		Business Continuity	Full Review	Q2
		Executive:		
		Contracts Register inc Spend Analysis	Full Review	Q2
3.3	Respond to the impact of welfare reform			
3.3.1	Universal credit being paid directly to tenants.	<p>KCTMO continues to work with residents affected by welfare reform changes introduced from April 2013. With the imminent reduction in benefit cap from £26k to £23k in London, the number of tenants affected is estimated to increase from 13 to around 70 households. The Welfare Reform Officers will provide one-to-one support for these households to assess their personal circumstances and assisting in any DHP claims.</p> <p>UC will be a significant challenge for KCTMO this year, with a further roll-out anticipated for families. The Rent Income Team will be provided with further training and closer support by the Welfare Reform Officers to mitigate risk to income.</p> <p>KCTMO will continue to work with RBKC Revenues Team and the Heads of Neighbourhoods will continue to attend the Welfare Reform Benchmarking Sub Group. This group gives KCTMO an opportunity to benchmark against other providers and see what they are doing to manage future challenges. KCTMO is currently updating welfare reform material on its website to offer better advice to residents. There will also be a campaign in the LINK magazine and a leaflet developed to be displayed in reception areas.</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.	KCTMO will continue to work with RBKC on long-term solutions for households who need to move to smaller accommodation due to the 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 series of Employment and Training Roadshows are being planned for 2016/17, and will consist of two roadshows, one in the North and one in the South. Venues are still being finalised, but the events will take place in June and February. These roadshows will be badged as 'Get Wise', following on from 'Your Route to Success'. They will have three key themes; money & finance, employment & training and health & wellbeing, with workshops and external agencies and other local housing providers supporting this work.</p> <p>As part of the KCTMO's delivery of major works, a new Procurement Framework has been agreed. As part of this Framework Agreement, KCTMO has ensured that the suppliers (initially 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"> • Work placements (mainly 16+, but also work experience) • Curriculum Support • Apprenticeships • Graduate development • Paid internships • Health and Safety, Leadership and Supervisor training <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</p>

		between partners.
3.4	Investing in the Borough's Stock	
3.4.1	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"> • The priority is to maintain the existing stock to the required standard • 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. • 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. • Programmed works will include: <ul style="list-style-type: none"> ○ Continuation of kitchens and bathroom replacement, rewires and heating improvements. ○ Continue the replacements of roofs and other external elements ○ Commencement of a major programme of lift replacement ○ A programme of window replacements, focusing on those areas where existing single glazed windows have reached the end of their useful life. <p>Future levels of capital investment will be determined once the impact of the Housing and Planning Act (high value voids) becomes clearer.</p>
3.4.2	The TMO will continue to work with the Council on asset management projects.	<p>KCTMO will work to implement the Asset Management Strategy and will support the Council as it develops its regeneration strategy.</p> <p>Capital Investment The programme is £16m, this includes Trellick Tower.</p> <p>Trellick Tower Following the production of the Conservation Management Plan a programme of</p>

		<p>external repair works is being procured. This work is programmed to start in 2016/17 and complete in 2017/18.</p> <p>Hidden Homes The next phase of Hidden Homes is in development with new homes planned for delivery in 2016/17 at Holmfield House and Tavistock Crescent.</p> <p>The Housing Regeneration Programme KCTMO has taken over the operation of the programme from the Council and it will be monitored on a regular basis. The programme for this year is £250,000.</p>
3.4.3	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.
3.4.4	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.
3.4.5	Intermediate and market rent	Further opportunities for providing intermediate and market rent products will be investigated as part of the active asset management.
3.5	Digitalisation	
3.5.1	Tackling the digital divide by considering how to address barriers that are preventing tenants benefiting from these technologies.	<p>KCTMO will assess rolling out further Wi-Fi hotspots in KC Places sites following a review of the pilot scheme at the Kensal Resource Centre.</p> <p>KCTMO has a new Community Investment Strategy which includes a commitment to continue to develop its digital inclusion work.</p>

		<p>KCTMO is providing financial support for the RBKC led IT Hub at the Chelsea Theatre.</p> <p>KCTMO will continue to investigate the most effective methods training staff and residents to become digital champions and roll out across our stock as part of our Digital Inclusion Strategy.</p>
3.6	Health and Safety	
	<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>The Health & Safety Action Plan will be reviewed and extended to incorporate any new areas where monitoring of compliance with legislation and good practice is required. Specifically –</p> <ul style="list-style-type: none"> • Annual H&S report to be produced • Compliance with LFB Enforcement notices issued in respect of Adair Tower and Hazlewood Tower and completion of the identified works • The programme of Fire Risk Assessments & reviews to continue and more work to ensure actions and recommendations from these are consistently completed in a timely manner • Regular LFB liaison meetings. Extend fire safety approach adopted at Grenfell Tower to all major works projects - proactive involvement of LFB etc. • Work with LFB to ensure remaining high rise blocks are prioritised for familiarisation visits and where possible Home Fire Safety Visits are offered • Ongoing publicity etc. to ensure leaseholders continue to ensure any door replacement is with compliant door • Investigate introduction of on-line DSE training & self-assessment • Aim to complete installation programme of hard-wired automatic smoke alarms in tenanted dwellings • Working at Height - complete central database with comprehensive details of roof access arrangements and the corresponding risk and make available to all technical and neighbourhood staff. • Asbestos – finalise & publish information leaflet for residents for reception areas etc.

	Emergency Planning	The Emergency Planning arrangements will be revisited to ensure that the roles and responsibilities are fully understood by the Emergency Planning teams, Housing Needs and KCTMO in the event of another major incident. The Council's arrangements will be aligned with KCTMO's current plans.
3.7	HRA commercial portfolio	<p>Priorities over next 12 months are to:</p> <ul style="list-style-type: none"> • Completion of the projects to commercially redevelop parking sites and generate new income • Continue to work on generating new income streams, particularly via new telecoms lettings • Strategically review other 'non-core' current commercial lettings and identify opportunities for investment and change of use • Address longstanding issues with properties occupied by RBKC departments without formal leases, by completing Memorandum's of Occupation and moving all occupiers to market rental. • Maintain exceptionally low void levels • Consistently maintain debt levels below 5% throughout the year • Identify parts of the portfolio that could be used to achieve wider housing objectives (e.g. converted into residential accommodation.)
3.8	Travellers site	<p>The focus for the next 12 months:</p> <ul style="list-style-type: none"> • Maintain/improve on rent collection figures, including addressing the impact of the benefit cap for resident on site (if any) • Work with RBKC and H&F to review the future investment needs of the site • Ensure high levels of satisfaction with the management of the site through conducting an annual residents survey
4.	Conclusion	

	<p>There will be existing and new challenges this year for the Council/KCTMO partnership. In a time of financial uncertainty, the Council intends to protect the investment in the stock and KCTMO is charged with delivery of £16m capital programme in order to do this. Asset management will be a key part of KCTMO's work this year, with programmed investment for Trellick Tower and involvement in the ongoing regeneration proposals for the Council's aging house estates. Universal credit and reduction in the benefit cap will see KCTMO required to give support to families, as well as its ongoing role to get people back in to work. Performance indicators and audit reflect the continuation of the core housing management workstreams.</p>
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