

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA**  
**TENANT MANAGEMENT ORGANISATION**

**FINANCE, RISK AND AUDIT COMMITTEE**

**Meeting held on 8<sup>th</sup> December 2010**

Present: Sylvia Collet, Resident Board Member (Chair) SC  
 Iain Smith, Resident Board Member IS  
 John Cox, Co Opted Committee Member JC  
 Jeff Zitron, Council appointed Board Member JZ  
 Kathy Harris, Resident Board Member KH

In Attendance: Anthony Parkes, Director of Financial Services AP  
 Catherine HardySmith, Company Secretary CHS  
 Rupa Bhola, Principal Accountant RB

Apologies: Jon Dee, Independent Board Member JD

1. **Minutes of the meeting held on 47<sup>th</sup> November 2010**

The minutes were approved.

2. **Matters Arising**

**Capita**

AP Advised that he was meeting Capita on Monday and from that meeting a timetable would be produced.

Point 6 on Matters Arising will come back to the Committee in April 2011 (Risk Register)

3. **Internal Audit update**

The Committee reviewed the outstanding actions on the audit reports noting the high priority recommendations that are still to be completed

**Rents**

Page 25, point 7.11

IS asked if there were any privacy issues relating to the protocols

**Action by**

AP

AP

Rupa advised that access to information is restricted and only provided in accordance with the protocol

### Corporate Governance

Page 29, point 3.10

IS asked what the accountability letters were, CHS advised that all Board Members are required to sign that they accept responsibilities as Directors.

Page 30, point 3.11

IS asked why resident Board members had person specs when they were elected, not employed.

CHS advised that although Resident Board members were not assessed against the person specification, all Board members including resident Board members needed to know what was required of them in the role

Page 31, point 6.3

IS asked if legal advice was available to individual Board members

CHS advised the independent advice is for the collective committee or board and not for individual issues, however, officers would always provide advice if they could and it was within their remit.

### Business Continuity

JC noted that there were areas of high priority not completed on time.

AP advised that staff had been taken out of day to day delivery to meet other targets and as such these actions had slipped.

The chair confirmed that she had not been consulted on this change in delivery date.

JC stated that management had set the delivery dates and must set realistic time frames and not take any relaxed view on the high priority items

AP is tasked with reminding ET of the importance of the high priority recommendation and that the committee should be informed of delays

AP

Page 41, point 2.2

JZ asked to what extent the implementation of the specification of the role around legionnaires management had been completed

AP stated that as part of the terms and conditions of the asset management post this will be in place Jan 201.1

#### Responsive Repairs

Page 48, Point 12.4

JC asked that once the contract regulations have been reviewed, the committee should receive them as well as the Board.

CHS

#### Unix Security

Page 49

JC asked for clarification as to why the password settings had not been changed, AP stated that the recommendation had been implemented as far as possible within the restrictions of the system.

The Committee noted the progress being made on the audit recommendations.

#### 4 Committee Terms of Reference

The committee noted the draft terms of reference and made the following changes to the draft:

- Quorum to read "2 resident board members and 1 non-resident board member.'
- 'Board of Management' to be stated as 'Board'.

The Committee requested a corporate calendar for the Committee to underpin the Terms of Reference and ensure no responsibilities were omitted during the year.

CHS

The committee approved the terms of reference and recommended them to the Board for approval.

#### 5 AOB

None.

## PART B – CONFIDENTIAL

6 AP presented an overview of the draft budget for 2011/2012, stating:

- It was achievable budget.
- The discussions on the management fee had begun and informally had been agreed at current levels (10058k) effectively inflation and one off costs had been absorbed.
- CAS income budgeted to increase, however not sure if can sustain as a number of RSH clients were reviewing the contracts. CAS were advertising to more private clients
- HRA status now in deficit in 10 years (not 8)
- Rent increase capped, RBKC in transitional rents according to Government Formulae. RBKC applying average of 8.6% (some residents have rent reduction applied as average) RBKC had been below transitional rent levels (average) so need to catch up to target set by government
- Digital TV expenses recharged to HRA
- Expenditure- people cost is 66% of whole budget, at £8m it has reduced by 250k due to reduced head count and recruitment
- Accommodation costs had increased due to rent holiday re calculations and increase in depreciation
- Legal costs had increased by 250k, 75k of this for leaseholder debt recovery

JZ asked if the legal costs had been bench marked as they seemed high. AP advised that the TMO has a SLA with RBKC legal services of £370k pa, and RBKC were cheaper per hour however the commercial firm TMO used were quicker and more commercially minded

JZ asked for a VFM report on the legal service provision based on cost per £100 of recovery for the June meeting

AP

AP stated that the debts are owned by the council so at present debt recovery was all downside risk to the TMO and would be used as a negotiating lever in the MMA negotiations

AP stated that the increase to procurement costs was due to 4 large procurements coming due in 11/12. The Committee asked for a percentage of contract value against the budgeted costs of procurement

AP

JZ asked if some of the procurement costs could be capitalised. AP stated that the contracts are for the HRA not the TMO and are

revenue and expenditure (i.e. service) contracts

IS asked for clarification on 'spiral point'. AP advised that this is a scale for salary grades.

AP stated that overall the 11/12 budget showed a surplus of 30k before FRS17. The impact of which is yet to be reported on.

JC asked for a copy of the Pension Paper to be provided to him once available. **AP**

AP outlined the risks of the 11/12 budget:

- Delays in recruitment
- VFM review accepted- 500k savings target included in budget
- MMA review in 2011
- EDMS- large project
- Pension costs
- Planned maintenance spend reduction

JC asked for clarification on planned maintenance assumptions; inflations and build costs **AP**

JZ asked for a cashflow position to be presented to board with the final budget **AP**

IS asked if the Board should be approving rent increases at the high rates. AP advised that rent increases were a matter for the Council.

The Committee noted the report and subject to the comments and requests recommend the 11/12 budget to the board for approval

## 8. AOB

None.

Next meeting: 7<sup>th</sup> April 2011

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA**  
**TENANT MANAGEMENT ORGANISATION**

**OPERATIONS COMMITTEE**

**MINUTES OF THE MEETING HELD ON 25<sup>th</sup> November 2010**

Present:	Tony Ward, Borough Wide Board Member (Chair)	TW
	Sylvia Collet, Borough Wide Board Member	SC
	Peter Chapman, Independent Board Member	PC
	Kathy Harris, Borough Wide Board Member	KH
	Iain Smith, Borough Wide Board Member	IS
	Fay Edwards, Borough Wide Board Member	FE
Apologies:	Sacha Jevans, Director of Customer Services	SJ
	Rona Nicholson	RN
In Attendance:	Catherine HardySmith, Company Secretary	CHS
	Mr Simon Throp, Assistant Director, Asset Investment and Engineering	ST
	Yvonne Birch, Head of Strategy and Engagement	YB
	Janice Wray, Health & Safety Advisor	JW
	Alasdair Manson, Assistant Director, Neighbourhood Services	AM
	Dan Wood, Head of Home Ownership	DW

**1. WELCOME AND APOLOGIES**

Apologies as above.

The chair queried whether Rona Nicholson was present at the last meeting. CHS checked with RN and advised she did not attend.

**2. MATTERS ARISING**

**Minutes of meeting held on 7<sup>th</sup> September 2010**

Is stated that on Page 6, Point 5 should say, 'asap', not 'in due course'.

The minutes were approved as a correct record of the meeting.

KH asked for further clarification on the definition of dangerous Dogs Act as it affects tenancy. AM stated that it would be a criminal matter if the TMO identified a dangerous dog, as defined by the Act, in a property. Also, regular breeds not handled in a safe way can also fall

**ACTION**

**CHS**

into The Dangerous Dogs definition. Tenancy management in relation to animals is about nuisance, so not targeting all dogs just those causing nuisance.

AM also stated that in tenancy agreements other nuisance animals are covered not just dogs.

PC asked when the comparison between the stock condition survey and investment plan would be available. ST confirmed a report would go to board 9/12/10

ST

### **3 LIFT REFURBISHMENT TENDER**

ST outlined the report which summarises the tender and asked for approval to accept the lowest tender. The report confirmed the content and financial calculations had been checked and confirmed as correct. ST confirmed a revised project budget of £399, 624.

PC asked when the financial approval from RBKC would be received. ST confirmed they would be received at the end of the week. ST confirmed the lowest tenderer was well known to the TMO as they were already delivering good services to the TMO

KH asked how long the lifts are designed to last. ST advised that the lifts and works were estimated to have a 20 year life depending on the use.

IS stated the old lifts were small and non-suitable for a wheelchair. ST advised that, where possible DDA lifts are installed, however, this is not always possible due to the building constraints. There was an ongoing program of DDA work to establish step free access to lifts where possible. ST confirmed that where there weren't DDA compliant lifts and/or step free access Housing Management policies needed to reflect the restraints

The committee approved the acceptance of the lowest tender.

The Chair took the agenda items in the following order.

### **5 ASB MONITORING REPORT**

AM outlined the quarterly update and confirmed the CIH and TSA would be visiting the TMO to review and benchmark the service and a focus group will be established to plan further improvements.

PC noted that the statistics didn't seem to trend to a peak in summer. AM noted that the July/August figures did not reflect the trend from the previous year.

AM outlined the principles of restorative justice.

The committee noted the report

## **6 HOME OWNERSHIP REPORT**

DW outlined the **Home Ownership** report for Quarter 2, noting the 105% collection rate, showing improvement from Q1.

The committee noted the 132% collection rate on major works income and that at the 6 month mark, performance was on target.

TW declared an interest in the LVT results.

DW outlined the complaints **KPI** noting the steady arrears actions at 58 cases for Q2, and that the number of properties in arrears had increased, being a seasonal trend as service charge accounts had been issued.

The report outlined that there was an increase in leasees signed up to repayment plans with 191 now in place. This is important as signed repayment plans secure the debt

**PC** stated that the tables presented worrying trends. **DW** stated that the definition needed to be clearer as the tables did not present the value actually secured as a percentage change so were difficult to interpret. **DW** undertook to review the tables for the next meeting to make report clearer

**DW**

## **7 Fire Risk Assessments**

**JW** presented the report and advised the committee that all high risk assessments had been completed and progress was continuing to be made with the recommendations from these. A consultant had been appointed to undertake the programme of fire risk assessments on the medium risk properties and also to review the high risk assessments where necessary and this work had commenced.

**JW** confirmed that, as expected, to date, significantly fewer recommendations were being made in relation to the medium risk blocks as compared with the high risk blocks. **JW** advised that the **TMO** and **RBKC** were still liaising closely with the London Fire Brigade (LFB) and we had recently met to introduce our new consultant to them. However, it was clear that our new consultant was willing to challenge the Fire Brigade on our behalf if he considered their requirements to be excessive and beyond what they could reasonably ask of us. In particular, we had managed to get an

agreement from the LFB that, as of now, when they visit / audit our premises and do not have any concerns that would warrant a "Deficiency Notice" etc. they will write to us advising us that, at that point in time, the building was "broadly compliant". JW added that she was keen to include this information in the Annual Health & Safety Report as this would start to give a more balanced picture of fire safety activity across the stock.

JW

With specific regard to the replacement flat entrance door programme JW confirmed that a significant amount of information had been gleaned from the stock condition survey and this had helped us to formulate a prioritised work programme. The first phase of this will be funded by capital budgets in this financial year and a similar bid for further capital budget in the coming financial year will hopefully allow a subsequent phase to proceed. ST confirmed that as this is health and safety work it would be given priority when budgets are being allocated.

IS asked if every resident knew what the evacuation policy was. JW referred to the various articles in The Link and the information in the Residents Handbook (which is currently being updated). Additionally, it is our aim to write to residents in due course to reiterate their specific fire procedure.

PC asked for the high risk action plan to be updated in detail and presented back to the committee as an update in Feb.

JW

IS asked if the Fire Brigade could check the hydrant maps. JW to enquire.

JW

#### 4 UPDATE ON PROJECTS

YB overviewed the report bringing the committee up to date on the various projects being delivered.

The committee noted the briefing before the meeting on Digital TV installation to Board Members and the outline schedule of works

IS left the meeting at 8:05 and returned at 8:10

#### 8 CAPITAL PROJECTS

ST outlined the report, noting the budget revisions and project programming

PC requested a revised format for the report with spend and cash flows.

ST

The committee noted the report

## 9 PERFORMANCE

YB outlined the report noting improvements in routine and emergency repairs while urgent repairs outturn **KPI's** were still giving concern

The committee noted that **Gas CPI2** continued at 100%.

YB highlighted the issues with the call centre with lost calls and long waiting times. Analysis continues to look at call volume, technical issues and quality. November should show improvement, however the major review will continue

The Committee noted the report.

## 10 GREEN AGENDA FOR HOUSING

The committee noted the report

## 11 TERMS OF REFERENCE

The committee noted the report and that the Board would be asked to approve in December

## 12 OPS COMMITTEE MEETING DATES

The committee noted the **September 11** meeting would now be 8<sup>th</sup> **September**.

**Next meeting : 22<sup>nd</sup> February 2011**