

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA****HOUSING AND PROPERTY SCRUTINY COMMITTEE****16 NOVEMBER 2016****REPORT BY THE DIRECTOR OF HOUSING AND TOWN CLERK AND  
EXECUTIVE DIRECTOR OF FINANCE****MID YEAR REVIEW ON TMO PERFORMANCE AGREEMENT 2016/17**

The purpose of this report is to present details of the Tenant Management Organisation's (TMO) performance from April to September 2016 against the Performance Agreement.

**FOR INFORMATION****1. Executive Summary**

- 1.1 In the first six months of 2016-2017 the TMO is working steadily towards the outcomes identified in the 2016-17 Performance Agreement, agreed in July this year. Performance on the key performance indicators shows that the Repairs Direct PIs (H1 & H30), relet times (H4) and Homeownership collection rates (H6 & 7) are meeting the quarterly targets. The rent collection PIs (H8, 9 & 10) had a strong start to the year. Performance dipped below target in September but is expected to recover in quarter three. The capital programme is being re-profiled reflecting the approach being taken for lifts and windows replacements. The audit programme is on-going.
- 1.2 Considerable work has been undertaken by the TMO, in conjunction with the Council, on welfare reform, including the introduction of Universal Credit and getting people back in to training or work. The TMO is undertaking major works at Trellick Tower and another new hidden home at Holmfield House, with other opportunities in the pipeline. The TMO is supporting the Council's ambitions to diversify the tenure of the stock, bring in investment through the commercial portfolio and promote digitalisation to residents. Health and safety remains a high priority and has involved in-depth work with the London Fire Brigade, emergency planning with the Council as well as working towards health and safety targets.

## **2. Purpose of the Report**

- 2.1 The TMO (HRA) Performance Agreement was reported to the Scrutiny Committee on 13 July 2016. This set the performance framework for monitoring the TMO for 2016-17, and is subject to review on a six monthly basis. The Performance Agreement brings together a range of the TMO's housing management activities and the key performance indicators monitored by the Council which measure the levels of achievement. It also updates on joint work by the TMO and the Council to meet strategic priorities in terms of finance, regulation and asset management as well as the day to day management functions, on-going projects and the other business functions as set out in the TMO's Business Plan.
- 2.2 The table attached at Appendix 1 shows the key areas of performance that form the service delivery plan for the Council and the TMO, designed to deliver the Performance Agreement. This report provides a brief overview of the projects and workstreams that the TMO is delivering and more detail can be provided if required.

### **FOR INFORMATION**

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None

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## TMO PERFORMANCE AGREEMENT 2016-17 – MID YEAR REVIEW

1.	<p><b>Executive Summary</b></p> <ul style="list-style-type: none"> <li>• 5 PIs are on target (repairs, relets and homeownership collection rates), 4 PIs are below targets (rent collection rates and capital programme), and 3 will not be collected until the year end</li> <li>• Audits are planned and on-going</li> <li>• The TMO is working to reduce the impact of welfare reform, including Universal Credit, by advising tenants and getting people in to work or training</li> <li>• Investment decisions are being reconsidered in order to maintain the stock, whilst there is a reduction in the amount of money available</li> <li>• Other key priorities that the TMO is working with the Council on are; income generation and income collection from the commercial portfolio; diversification of the tenure of the stock to provide temporary accommodation, market and intermediate rented units whilst regeneration programmes are considered; health and safety; access for residents to advice, training and IT services, and 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 work streams that form the service delivery plan for the Council and the TMO, designed to deliver the Performance Agreement. More detail on the project work can be provided if required.</p>



3	<b>Key Areas of Performance</b>						
3.1	<b>Performance Indicators –</b>		The PI suite reflects the aim for continuous improvement especially in those areas affected by changes such as repairs and collection rates				
Ref	Performance indicator (PI) title	Good is?	2015-16 Target	2015-16 Actual	September 2016-17 Actual	2016-17 Target	Commentary
HS1	% Post Inspections passed (Repairs Direct)	HIGH	>=90.0%	92.25%	94.36%	>=90%	Results based on 330 post inspections completed for the year to date.
HS30	Satisfaction with repairs (Repairs Direct)	HIGH	>=95.0%	97.14%	97.97%	>=95.0%	Results based on 543 customer satisfaction surveys completed for the year to date. Performance outcomes for Repairs Direct positive with all targets met for both quarters one and two.
HS 2	Local authority tenants satisfaction with landlord services. (Biennial)	HIGH	-	-	-	-	
HS 5a	Number of homes brought up to the internal Investment Standard	HIGH	1004	933	Annual	>=1400	Annual PI.
HS 5b	Number of homes brought up to the external Investment Standard	HIGH	2157	120	Annual	>=1950	Annual PI.
HS 3	Number of homes where SAP rating has increased through planned works	HIGH	1091	120	Annual	>=300	Annual PI.



<b>HS 4</b>	Average number of days to re-let local authority housing. (YTD)	LOW	<=23	18.69	20.93	<=22	Performance target met. Q1 outturn at 22.0 days, Q2 at 20.31 days.
<b>HS 6</b>	Homeownership: service charge arrears	HIGH	<=£171,845	£141,705	£122,124	<=£120,449	Arrears targets for Q2 met and exceeded. Targets for the Q2 period were £131,077 for service charge arrears and £1,433,367 for major works arrears.
<b>HS 7</b>	Homeownership: major works arrears	HIGH	<=£1,216,050	£1,151,217	£1,305,438	<=£1,715,516	
<b>HS 8</b>	Rent collection and arrears recovery: seven weeks arrears. (YTD)	LOW	<=4.50%	4.38%	4.30%	<=4.50%	See HS9
<b>HS 9</b>	Rent collection and arrears recovery: rent collected. (YTD)	HIGH	>=98.13%	99.20%	96.17%	>=98.02%	<p>Following a strong start to the year, arrears increased for the first time in September, finishing the month at £1.054 million £19,717 outside of target. This is expected to improve in Q3.</p> <p>The number of households confirmed as receiving Universal Credit has increased to 41. The combined arrears of this group stands at just over £41,000. The team continues to monitor closely the impact of welfare reforms on the overall arrears position</p>
<b>HS 11</b>	Proportion of approved housing capital investment programme spent. (YTD)	HIGH	99%	103%	36.9%	99%	Target for period: 52.9%. The spend has been re-profiled. See 3.4.2 Capital investment below for further detail.
<b>HS 10</b>	Collection rates and arrears: Travellers Site	HIGH	>=100%	98.27%	95.86%	>=100%	See also, HS9. Arrears ended the period at £14,406 compared to £12,741 at March 2016.

3.2	<b>Audits</b>  The audits programmed for 2016/17 as follows:	<b>Service Area</b>	<b>Audit</b>	<b>Timing</b>	<b>Outcome</b>
		<b>Finance and IT</b>			
		IT Strategy	High Level Review	Q1/2	Ongoing
		Open Contractor	Application Review	Q2	Ongoing
		IT Server Infrastructure	Full Review	Q1/2	Ongoing
		<b>Operations:</b>			
		Capital Programme	Full Review	Q1	Ongoing
		Electrical Safety checks and Contract arrangements	Full Review	Q4	Ongoing
		Framework Procurement	Full Review	Q2/3	Planned
		Repairs Direct	Full Review	Q2/3	Ongoing
		Garage and Commercial Lettings	Full Review	Q3	Planned
		Fixed Term Tenancy Management	Part of a full review in RBKC Housing	Q1	Planned
		<b>People and Performance:</b>			
		Payroll/Personnel	High Level Review	Q3	Planned
		Residents Engagement	Full Review	Q3	Ongoing
		Business Continuity	Full Review	Q2	Ongoing
		<b>Executive:</b>			
		Contracts Register inc Spend Analysis	Full Review	Q2	Planned

3.3	<b>Respond to the impact of welfare reform</b>	
3.3.1	Universal credit being paid directly to tenants.	<p>Universal Credit (UC) was introduced in the borough from 9<sup>th</sup> November 2015 for single claimants. The TMO has seen a steady increase in the number of claimants, which is currently impacting 41 households. Of these we have 19 that are on Alternative Payment Arrangements following them 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. Further training is due in December by the DWP to further promote the working relationship between agencies.</p> <p>The Welfare Reform Officers have been making contact with those residents likely to be 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.</p> <p>As part of a review of the work conducted by the Welfare Reform Officers, the TMO has incorporated this service into the Rent Income Team, from the Neighbourhood Management team. Due to an increased focus in mitigating the risk of UC on rental income, it was important to ensure the Rent Income Team have 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, with relevant support 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.	<p>Further work is to be undertaken to address the impact of the introduction of the LHA shared room rate for under 35's from April 2018. 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 2018. 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.</p>



3.3.3	The TMO will continue to work with the Council on the delivery of support for workless tenants and households	<p>The TMO's first roadshow of the year took place in May at the Lancaster West 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. 287 people attended the whole day, with 19 people specifically registering with the employment section, though others are likely to have passed through.</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>In the first two quarters of 2016, the two contractors, Wates and Keepmoat, have provided or achieved the following:</p> <ul style="list-style-type: none"> <li>• Paid Jobs Created – 2 on-going</li> <li>• Training &amp; Work Experience – 4 people working or training for a total of 604 hours Labour/Employment – 11 people residing within the Borough, 52 residing in adjacent Boroughs and 79 falling outside of the above categories</li> <li>• Resident Training – 155 people training for a total of 1,914 hours (see below for brief summary)</li> <li>• Community Support – 27 events and a total of £3,200 in donations</li> <li>• Supply Chain Training – 28 people training for a total of 124 hours</li> </ul> <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>
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	The TMO and Council are working jointly to meet the HRA Business Plan agreed in January 2016; see the Capital Investment section below.

		<p>The process of reviewing and updating the priorities will begin shortly for the 2017-18 financial year. This will be taken to Cabinet and Scrutiny in January. Many of the priorities will remain, however the financial implications of the high value voids levy are not yet known and could have a significant impact on the HRA Business Plan.</p>
3.4.2	<p>The TMO will continue to work with the Council on asset management projects.</p>	<p><b>Capital Investment</b></p> <p>The 2016/17 programme has been revised from £16m to £13m in Quarter 2. This reflects the need to consider whether lifts and windows should be replaced rather than repaired. An alternative approach to both lifts and windows renewal is being considered. Decisions would be taken on an individual basis and would 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 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 (Crittell 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. The procurement process to establish firm costs is reaching the final stage. Wates has submitted the competitively tendered subcontractor packages of works to consultant, Baily Garner, who are reviewing and will report on the value for money position.</p>

A resident consultation meeting was held on 12<sup>th</sup> October and was attended by 10 households. There was a wide range of questions relating to the above and some helpful pointers on issues for the Project Team to investigate further. A newsletter will shortly be sent to all residents containing the information presented at the meeting and also a Q and A section reflecting some of the issues raised. The Home Ownership team will hold a separate meeting for leaseholders when the S 20 process commences.

The current programme is;

- Completion of value for money review and report by Baily Garner for our consideration – end of October
- Planning approval - November
- Issue S 20 Notices – mid November
- Seek Board approval for the issue of the formal works order – end November
- Issue of formal works order – late December
- Start on Site – mid / late January

### **Hidden Homes**

Holmefield House – one unit from a converted office will be completed shortly. Feasibility studies are being undertaken at 3 other sites.

### **91 Tavistock Crescent**

8 new units will be delivered by the end of March 2017. The property containing the 8 units was formerly leased to Westminster Housing Cooperative for short life housing.

### **The Housing Regeneration Programme**



		At the October HRA meeting it was reported that the HRP programme is on track to deliver £125k of investment, match funded by £18k of Area Review Board (ARB) funding. This will deliver three new projects by the year end in line with residents' association priorities that met the HRP criteria.
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 process of identification and preparation is involved but 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 finalised and the processes for advertising and letting are now in place. The converted units will be let by the end of 2016.
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 TMO continues to evaluate the pilot project for Wi-Fi in clubrooms/community rooms as part of the KC Places project.</li> <li>• The TMO has a new Community Investment Strategy which includes a commitment to continue to develop its digital inclusion work.</li> <li>• The TMO is providing financial support for the RBKC led IT Hub at the Chelsea Theatre.</li> <li>• The TMO 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.</li> </ul>
3.6	<b>Health and Safety</b>	
	Health and safety issues in the social housing sector that have	RBKC Internal Audit undertook an audit of KCTMO Health & Safety and a rating of Substantial Assurance was awarded. The Annual H&S report was produced

	<p>arisen during this year include: window safety, fire safety and cleanliness at supported housing schemes.</p>	<p>for the year ending 31<sup>st</sup> March 2016 and presented to the Finance and Audit Committee. The highlights of this report were also incorporated in the Corporate Health and Safety Annual Report which was presented to the Audit &amp; Transparency Committee in September.</p> <p><b>Adair &amp; Hazlewood Enforcement Notices - update</b></p> <p>An extension of time (a three-month period) for completion of the works required by the London Fire Brigade (LFB) Enforcement Notices for these blocks was sought and approved by the LFB. The Adair Tower Notice expired on 23<sup>rd</sup> September at which point all of the required works had been satisfactorily completed and the Fire Risk Assessment had been comprehensively reviewed. The LFB's Fire Safety Team Leader and a colleague audited this block on 28<sup>th</sup> September and, whilst we have received no formal correspondence on the outcome of this, at the conclusion of the audit the officers indicated that they were happy with the works.</p> <p>The Enforcement Notice on Hazlewood Tower expires on 18<sup>th</sup> October. All necessary works have been satisfactorily completed, the Fire Risk Assessment has been comprehensively reviewed and we currently await contact from the LFB with a date for their 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 LFB and KCTMO meetings have continued. Standard agenda items include any fires in the stock and any action that can be taken to prevent recurrence, false alarms and LFB attendance at lift shut-ins.</p>
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	<p>Grenfell Tower refurbishment – close liaison with LFB and Fire Risk Assessor throughout the duration of the project. At the conclusion of the work some of the operational firefighters from the local Fire Station attended an onsite briefing where the contractor demonstrated the fire safety features of the building.</p> <p>There is ongoing work with LFB to ensure remaining high rise blocks are prioritised for familiarisation visits and where possible Home Fire Safety Visits are offered.</p> <p>We have provided a range of ongoing publicity to residents, particularly in relation to:</p> <ul style="list-style-type: none"> <li>• the “stay put” fire strategy and procedures residents should follow in event of a fire in their flat or elsewhere in their block, and;</li> <li>• informing leaseholders about the fire safety standards required of their flat entrance doors (existing and any planned replacement)</li> </ul> <p>Further progress has been made with the installation programme of hard-wired automatic smoke alarms in tenanted dwellings.</p> <p>Currently preparing bids for submission to the LFB for funding from their Community Safety Initiative. The aim of this fund is to target those most vulnerable to fire and identify effective strategies for reducing this risk. These bids are to be submitted by mid-October and in consultation with RBKC it is our intention to submit bids for the following:</p> <ul style="list-style-type: none"> <li>• a telecare overlay system at a sheltered housing clubroom, and;</li> <li>• installation of external storage and charging stations for mobility scooters at three of our sheltered Housing schemes.</li> </ul>
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		<p>Health and Safety Policies reviewed in this period included Gas Safety, Water Quality and Asbestos Management and work is ongoing to review the Fire Safety Policy and Strategy.</p> <p>A suite of Health &amp; Safety Key Performance Indicators has also been produced and these are monitored by the Health &amp; Safety Committee at their quarterly meetings.</p> <p>KCTMO has introduced an on-line display screen self-assessment package for all staff. This module includes training on safe use of the workstation and is available to all staff.</p>
	Emergency Planning	<p>In the wake of the serious fire at Adair Tower, KCTMO has reviewed the out of hours arrangements (cascade, roles and responsibilities of employees involved with the KCTMO Emergency Plan and how this links to RBKC's Emergency Plan and Emergency Planning Team) and had confirmed that these KCTMO arrangements had worked well and should remain in place. However, the need for closer communication with RBKC's Housing and Emergency Planning Teams in the event of a future emergency had been highlighted. Several liaison meetings have now taken place and progress has been made in this area. We are, therefore, now embarking on a joint exercise at one of our sheltered blocks to test the effectiveness of the emergency planning arrangements and to identify and incorporate any further improvements.</p> <p>The TMO also has a Business Continuity Plan which is tested annually. This year, the TMO has arranged for its Business Continuity exercise to be invigilated by RBKC Contingency Planning Manager.</p>
3.7	<b>HRA commercial portfolio</b>	<p>In the first half of 2016/17, the TMO has worked with Corporate Property to:</p> <ul style="list-style-type: none"> <li>• Complete Memorandum's of Occupation for sites occupied by RBKC departmental occupiers, and move these rents to market-level</li> </ul>

		<ul style="list-style-type: none"> <li>• Progress projects to commercially redevelop former parking sites and generate new income streams</li> <li>• Expand the no. of telecommunications sites and generate new income</li> <li>• Maintain exceptionally low void levels in the existing stock</li> <li>• Address a spike in arrears arising from Agresso implementation issues and return debt levels to below 5%</li> </ul>
3.8	<b>Travellers site</b>	<p>At the end of Q2, rent income collection rates on site were 95.9%. There was a drop in income in September due to issues with direct payments from DWP which the TMO is working to address. Collection rates are expected to increase, with a number of HB backdates confirmed in October 2016.</p> <p>In August 2016 the TMO carried out a restructure of Neighbourhood Management functions which included the realignment of reporting lines. As part of this review, it was agreed that the Site Manager for Stable Way will report directly to the Neighbourhood Management Team Leader for Lancaster West. This would provide better support from a local office and better resilience when the Site Manager is not present, through having cover arrangements allocated from this office. This is so far working effectively.</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.</p>
4.	<b>Conclusion</b>	<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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