

Confidential

KENSINGTON & CHELSEA TENANT MANAGEMENT ORGANISATION

Joint Management Team with RBKC

25th January 2013

Present: RBKC

Laura Johnson, Director of Housing
Amanda Gill, Head of Housing Needs
Amanda Johnson, Head of Housing Commissioning
Steve Mellor, Finance Manager
Gilly Tobin, Housing Policy Officer

TMO

Robert Black, Chief Executive
Sacha Jevans, Executive Director of Operations
Peter Maddison, Director of Assets and Regeneration
Anthony Parkes, Executive Director of Financial Services and
ICT
Jane Clifton, Executive Office Manager

Apologies: Yvonne Birch, Executive Director of People and Performance
Angela Bosnjak-Szekeres, Governance Manager & Company
Secretary
Celia Caliskan, Housing Commissioning Manager

1. Presentation by Savills

Cathy Osborn and Simon Martin, Savills, gave a presentation on their draft report on future options for investment in the Council's housing stock. The presentation covered the following areas:

- Current situation
- Options and assumptions
- Investment profile for retention option
- Additional funding mechanisms
- Additional funding outside the HRA
- Delivery of new housing
- Trellick Tower
- Summary of retention options
- Stock transfer to either a RP or the TMO. Simon Martin would be looking at the assumptions with Anthony Parkes during the week commencing 28 January.

**Action
by**

AP

- Associated risks for stock transfer option

Discussion following presentation:

1. Savills' conclusion that there was a variety of options to explore apart from transfer, which included a broader role for the TMO on business growth, was welcomed
2. Work was being done through the Savills' project on the modern standard in keystone i.e. what was above and below. Areas not included on keystone also required consideration i.e. heating and green issues.
3. Savills confirmed that we needed to look at opportunities for additional funding, and they were already doing this work for other councils. Confirmation was also given by Savills that it would be useful to do more modelling on affordable market rents.
4. Social factors were also being taken into account by Savills i.e. the impact of greater investment on issues such as crime and poverty levels. There would also be the impact of carrying out disposals in the south of the borough where property values were higher.
5. Confirmation was given that there would be a report on the work being done by Savills in two weeks' time
6. Issues around presenting Savills' work to the TMO Board also to be considered. It was thought that councillors were aware that housing in London was becoming increasingly unaffordable, and were more receptive to considering different investment options, taking socio-economic factors into account. Confirmation was given that the TMO Board was also open to considering how investment could tackle longer term issues.
7. Savills were planning audits of individual estates to help assess the potential i.e. an estate in the north, and in the south. It was agreed that this work should be resourced, and work done on the relationship with Planning.
8. It was thought that Peabody's project on Silchester could be a catalyst for more work on our estates.
9. Considerations on investment to take bigger picture into account i.e. installation of new boilers did not help outputs.
10. RBKC would be moving away from life time tenancies to five year tenancies, and 'pay to stay'.
11. Consideration also to be given to tenants who could not afford to stay in their flats as a result of the benefit changes
12. Confirmation was given that the position on tenant profiling information was improving
13. Challenge had been made at Scrutiny Committee on 16 January on why we had not sold more properties yet
14. We also needed a strategy to help those on middle

incomes.

Next steps:

1. Gilly Tobin to arrange a presentation for Cllr Coleridge on the Savills' report
2. Savills to include more detail on their next steps in the next draft.

GT
CO

2. Test of Opinion

The MMA stipulated that every five years, there should be a test of opinion on whether tenants wanted to continue with management by the TMO, which was usually part of a tenant satisfaction survey. It was not planned to carry out a satisfaction survey at present, and Angela Bosnjak-Szekeres' view was it was not necessary to carry a test of opinion out as every year there was a secret ballot of all TMO members at the AGM on whether they wanted to carry on with TMO management. This ballot was also carried out by an independent company. When the TMO in Touch exercise was carried out two years' ago, overall satisfaction with services was good even though satisfaction with repairs was lower.

If a test of opinion was carried out, it was thought that it would be best to carry it out later in the year following the introduction of the ISP for the repairs' service. The legal opinion obtained by RBKC confirmed that the test of opinion should be for all tenants (not leaseholders), and not just TMO members. Laura Johnson's view was that the test of opinion should also not be carried out as part of a survey which would be confidential. The test of opinion should also be carried out by RBKC, and the timing of it was OK for September, as long as it was carried out this year since it should have been done in 2012. It was noted that electronic voting was now a possible option to increase the response rate. Celia Caliskan to discuss the way forward with Angela Bosnjak-Szekeres and Anthony Parkes.

CC/AB-
S/AP

3. Business Change projects

Previously highlight reports were produced for three areas: value for money, asset management and self-financing. It was thought that it was no longer necessary to produce these reports, as new business streams would come out of the Savills' project. Value for money, asset management and self-financing issues would be covered by other forums, and Amanda Johnson to map out new reporting arrangements with Celia Caliskan, and report back.

AJ/CC

4. Asset Management

Austen Reid was working on sustainability and modern standards, and Savills' report on investment options was expected in two weeks' time. Report would be circulated to RBKC when it was available. However, the process for presenting the report to Board had not yet been decided. A date to be set for presenting the report to Cllr Coleridge at Digest.

SJ/LJ

Scrutiny Committee's role in the process was raised, and confirmation was given that it was not their role to make investment decisions as that was the Board's role.

Cllr Pascall wanted to see the Rand report, and a Scrutiny sub-committee was being set up on asset management strategy although this would be out of time.

5. ISP

An update was given by Sacha Jevans on progress since the Board agreed to go ahead with the ISP on 8 January:

- Peter Dunne was now the interim managing director, and the governance structure was established with an ISP board of three executives, one independent and one resident. A company had been bought off the shelf, and a name would be considered.
- An extension to Willmott Dixon's interim contract was being negotiated.
- Both internal and external communications had been sent out, and RA chairs had been phoned before a letter to all residents was sent out. The news had been welcomed at the Senior Citizens' New Year party on 18 January.
- Peter Dunne's contract had been extended until December so he would take the ISP forward after the mobilisation period.
- Structures were being looked at for the new service, and we would be meeting Willmott Dixon to obtain information on their staffing so we could recruit to the gaps during the final quarter of their contract.
- 30 – 40 ISPs had been set up nationally during the last year
- It was anticipated that there would be a 3% profit margin on delivering responsive repairs as there was a lot of administration involved. However, it was hoped to make savings on the 33% call backs to the call centre. With new software, more analysis of call content was being made, and 20% of calls could be linked to the lack of investment i.e. leaks and problems with communal heating. More analysis would be done by Sacha Jevans, and RBKC kept

SJ

informed.

- There may have to be a KDR on setting up the ISP, and Anthony Parkes to discuss the position further with Steve Mellor. Angela Bosnjak-Szekeres and Anthony Parkes to be involved on the TMO's side. However, Steve Mariani's advice was that it was not necessary, but further clarification was required.

AP/SM/A
B-S

6. Capital programme

At the recent TCC meeting, most of the issues raised by residents had been in connection with the capital programme, management of contractors, consultation etc. Most of the Assets & Regeneration staff had now left, and the contractors were more involved in managing our infrastructure.

There would be a very small capital programme in 2013/14 because of the Grenfell Tower project, and would focus on health and safety, and M&E issues.

Work would begin on the RBKC business plan in a few months' time which would reflect the position on investment.

7. Grenfell Tower

There was a forecast overspend of £2m at present on this project, and Peter Maddison would be meeting Appleyards on 28 January to consider how this could be resolved. Links to be maintained with the KALC project where costs had been contained, and pressure to be kept up on Leadbitters and Appleyards. However, it would be possible to use reserves to plug the gap rather than going for re-procurement. It was suggested that some of the extra costs may be due to the architects, Studio E.

PM

More information was required on the mix of unit size. Section 106 had been agreed at Digest on 24 January.

8. Sheltered housing

The architects working on sheltered housing were expected to report back in February. Savills' advice would be also taken into account on increasing density. Hash Chamchoun was being kept informed. There was a possibility that the sheltered schemes may be the first project to come forward in addition to Trellick Tower, with a strategy for both projects to be produced between April and June.

The Edenham Way project was due to go to the Leader's Group

next week with an aim of producing 40% affordable housing which would help with Trellick Tower decanting. Ruth Angel/Gilly Tobin were working on this project.

Tony Annis had been in contact with Amanda Johnson about the sheltered project.

A change of use for Cremorne club room had been considered, but was now on hold as there were concerns about whether the building was suitable for use it as a day centre by dementia sufferers. When the architects' feasibility study was received, it would be linked into the work with Savills, and discussed by the Housing Regeneration project board, which was attended by Laura Johnson and Sacha Jevans.

SJ/LJ