

**The Royal Borough of Kensington and Chelsea  
Tenant Management Organisation Limited  
(the "Company")**

**Agenda**

Meeting of the Board of Directors ("**Board**") of the Company  
to be held on 26 November 2015 at 6.30pm  
at Board Room, 346 Kensington High Street, London W14 8NS

<b>Agenda Item</b>	<b>Report Name</b>	<b>Presenter</b>	<b>Action</b>	<b>Enclosure</b>
<b>PART A -- OPEN</b>				
1.	Notice, Apologies and Quorum	Chair	-	-
2.	Declarations of Interest*	Chair	-	-
3.	Minutes of the meeting held on 10 September 2015	Chair	Decision	√
4.	Matters Arising	Chair	Discussion	√
5.	RBKC Mid Year Review Report	Chief Executive	Discussion	√
6.	Parking Review Update	Executive Director of People & Performance	For Information	√
7.	Performance Report – Q2 2015	Executive Director of People & Performance	Discussion	√
<b>PART B - CONFIDENTIAL</b>				
8.	Minutes of Confidential Meeting held on 10 September 2015	Chair	Decision	√
9.	Matters Arising	Chair	Discussion	√
10.	Chief Executive's Report	Chief Executive	Discussion	√
11.	Budget Monitoring Report	Assistant Director of Financial Services	Discussion	√
12.	Corporate Risk Map 2015-2016 - Report	Policy & Improvement Manager	Decision	√
13.	Business Plan 2014-2017 - Delivery Plan Update	Policy & Improvement Manager	Decision	√

14.	Kensington & Chelsea TMO Repairs Direct ("Repairs Direct") Charging Model	Executive Director of Financial Services & ICT	Decision	√
15.	Modular Management Agreement (MMA) Execution Approval	Company Secretary	Decision	√
16.	Board Member Elections & AGM 2016	Company Secretary	Decision	√
17.	New Committees' Terms of References	Company Secretary	Decision	√
18.	Board Committee Membership	Company Secretary	Decision	√
19.	2016 Board & Committee Meetings' Schedule	Company Secretary	Decision	√
20.	Subsidiary Update	Company Secretary	Note	√
21.	AOB	Chair	-	-
22.	Date of the next meeting – 4 January 2016	-	-	-

**Notes:**

- (1) Board Members unable to attend physically may attend by teleconference (dial-in details shall be made available on request)
- (2) Board Members should send in their apologies to the Company Secretary by email or by calling on [REDACTED]
- (3) \* Every member of the Board has a duty under Section 182 of the Companies Act 2006 to declare any interest in any transactions or arrangements with the Company under consideration, or section 177 of the Companies Act 2006 to declare any interest in any proposed transactions or arrangements with the Company under consideration in accordance with the Company's Articles of Association. Any interests should be declared to the Company Secretary on, or before the meeting.
- (4) \* A person who has declared an interest will neither attend the discussion leading to a decision on the conflicted matter nor vote on it.

**THE ROYAL BOROUGH OF KENSINGTON & CHELSEA  
TENANT MANAGEMENT ORGANISATION LIMITED**  
(the 'Company')

Minutes of a meeting of the Board of Directors ('Board') of the Company held  
on 10 September 2015 at 6.30 pm  
at 346 Kensington High Street, London W14 8NS

**PRESENT:**

<b>Resident Board Members</b>	Fay Edwards	- Chair
	Mary Benjamin	
	Anne Duru	
	Brendan Tracey	
	Kush Kanodia	
<b>Council-Nominated Board Members</b>	Cllr. Judith Blakeman	
	Jeff Zitron	
	Cllr. Maighread Condon-Simmonds	
<b>Independent Board Members</b>	Peter Chapman	
	Anthony Preiskel	

**APOLOGIES:**

Tony Annis  
Deborah Price  
Simon Brissenden  
Paula Fance

**IN ATTENDANCE:**

Maria Escudero-Barbaza	Observer
Robert Black	Chief Executive
Yvonne Birch	Executive Director of People & Performance
Barbara Matthews	Executive Director of Financial Services & ICT
Sacha Jevans	Executive Director of Operations
Rupa Bhola	Assistant Director, Financial Services
Fola Kafidiya-Oke	Head of Governance & Company Secretary
Janet Seward	Policy & Improvement Manager
Nick Rendle	Business Development Manager
David Vickerstaff	Senior Commercial Property Surveyor, RBKC
Gill Petford	Minutes

## 1. NOTICE, APOLOGIES AND QUORUM

- 1.1 The Board **RESOLVED THAT** Robert Black should chair the meeting for the first two items on the agenda.
- 1.2 The Board noted that the notice of the meeting had been duly issued to the members of the Board entitled to receive notice and attend board meetings.
- 1.2 The Board also noted that apologies were received from Paula Fance, Deborah Price, Tony Annis & Simon Brissenden.
- 1.3 The meeting was quorate according to the provisions of the Articles of Association of the Company.

## 2. ELECTION OF CHAIR AND VICE-CHAIRS

- 2.1 The Board was reminded that according to the provisions of the Articles of Association of the Company, the Board was required to elect a Chair and two Vice-chairs, who shall all be Resident Board Members, effective until the next Annual General Meeting of the Company.
- 2.2 Nominations had been sought and submitted for the positions as follows:
  - Chair: Fay Edwards
  - Vice-Chairs: Kush Kanodia and Tony Annis

Since there was only one candidate nominated for each of the respective positions, it was recommended that the Board agree to elect the nominated Board members as Chair and Vice-Chairs of the Board until the date of the Annual General Meeting of the Company in 2016.

- 2.2 The Board **RESOLVED TO:**
  - (i) agree and appoint Fay Edwards as the Chair of the Board;
  - (ii) agree and appoint Kush Kanodia as a Vice-Chair of the Board; and
  - (iii) agree and appoint Tony Annis as a Vice-Chair of the Board,
 until the Annual General Meeting in 2016.

## 3. DECLARATIONS OF INTEREST

- 3.1 There were no interests declared for the items being considered.

## 4. RETIREMENT AND APPOINTMENT OF RESIDENT BOARD MEMBERS

- 4.1 Fola Kafidiya-Oke presented a report to the Board inviting them to formally note the retirement and appointments on the Board according to the Articles of association of the Company.

4.2 The Board **RESOLVED TO:**

- (i) note the retirement of Tony Annis and Mary Benjamin as Resident Board Members, according to the Articles of Association of The Company, as of 26 September 2015;
- (ii) note the re-election of Tony Annis and Mary Benjamin by the members, as Resident Board members;
- (iii) note the election of Maria Escudero-Barbaza according by the members, as a Resident Board Member;
- (iv) agree to reappoint Tony Annis and Mary Benjamin, and appoint Maria Escudero-Barbaza as directors of the Company with effect from 26 September 2015; and
- (v) authorise the Company Secretary to update the statutory registers of the Company and make the necessary filings to the Registrar of Companies in respect of the appointments.

**5. RE-APPOINTMENT OF COUNCIL-NOMINATED BOARD MEMBERS**

5.1 Fola Kafidiya-Oke presented a report to the Board inviting them to consider the resignation and re-appointment of Council-Nominated Board Members according to the Articles of Association of the Company.

5.2 The Board **RESOLVED TO:**

- (i) note the retirement of Councillor Maighread Condon-Simmonds, Ms Paula Fance, Mr Jeff Zitron; and Councillor Judith Blakeman from the Board pursuant to article 18.3 of the Articles of Association of the Company, as of the date of the Board meeting;
- (ii) note the Council's nomination of Councillor Maighread Condon-Simmonds, Ms Paula Fance, Mr Jeff Zitron, and Councillor Judith Blakeman, as its nominees on the Board until the date of the Annual General Meeting of the Company in 2016; and
- (iii) agree to re-appoint Councillor Maighread Condon-Simmonds, Ms Paula Fance, Mr Jeff Zitron, and Councillor Judith Blakeman, as Council-Nominated Board Members with effect from the date of the meeting.

**6. HRA COMMERCIAL PORTFOLIO-2014/15 YEAR END REPORT**

6.1 Nick Rendle and David Vickerstaff presented an update report to the Board on the management of the HRA Commercial Portfolio by the Company for the last financial year.

6.2 Nick Rendle noted that the relationship with RBKC had been transformed with an improved management service due to the joint working with the Corporate Property team. The rental income produced during 2014/15 was £3,062,361 which was up from £2,927,315, an increase of 4.6%. The Lease renewals were ongoing with conversations and negotiations taking place. The old car parks were being now being utilised resulting in improved income generation.

6.3 Nick Rendle noted that there have been historic arrangements with occupiers of HRA units without the use of a lease. However, there had been a Cabinet decision that all occupants of commercial spaces were to pay market rent rates. This was being monitored and David Vickerstaff's team were working to move all occupants to formal agreements.

6.4 The Board **AGREED TO** note the contents of the report.

## 7. APPROVAL OF REVISED COMPLAINTS POLICY

7.1 Janet Seward presented the revised Complaints Policy to the Board for its consideration and approval for adoption by the Company.

7.2 Janet Seward highlighted some of the changes as follows:

- revised definition for 'Enquiries'.
- introduction of a quick resolution stage i.e. a resolution of a problem, within two days, to the complainants' satisfaction.
- stage 2 target changed from 10 days to 15 working days.
- stage 3 Panel would now include a Board Member, a resident and an Executive Director.

7.3 Councillor Condon-Simmonds expressed her dissatisfaction with the policy which she considered to be too complicated, repetitive, not punchy, not easy to read, and contradictory. She was of the opinion that the policy made complaints handling time too lengthy, and she questioned if the policy was being sent out to residents. Janet Seward confirmed that the residents would only receive a leaflet advising them what to do if they had a complaint. It was reiterated that the policy needed to cover all possible scenarios that could occur in customer dissatisfaction.

7.4 The Board discussed the revised Complaints Policy and it was agreed that the policy should be tidied up to ensure it was readable and user-friendly.

7.5 The Board **RESOLVED TO** adopt the revised Complaints Policy, in substitution of and to the exclusion of any existing versions.

## 17. PERFORMANCE REPORT – Q1 2015

17.1 Yvonne Birch presented the performance report to for the period April – June 2015 which covered the improved performance in Repairs Direct, Voids and the Call Centre.

17.2 Councillor Condon Simmonds expressed her dissatisfaction with the contact centre experience and suggested that the number of people answering the phones should be increased.

17.3 The Board **AGREED TO** note the contents of the report.

## 18. CHIEF EXECUTIVE'S REPORT

18.1 Robert Black presented his quarterly update the Board. He highlighted that he would be circulating a briefing note from Laura Johnson, Director of Housing at RBKC to all Board Members, which covered the welfare reform and the proposed Housing Bill, its consequences for RBKC. It was confirmed that this would be discussed in detail at the Board Away Day on 6 November 2015.

- 18.2 Councillor Blakeman drew the Board's attention to the fact that the residents in the west side of the borough were not notified of the arrangements for the Notting Hill Carnival. Robert Black confirmed that he would discussed this with the Heads of Neighbourhood Management however he commended all of the staff for the huge amount of work undertaken to ensure that the carnival went well.

**19. ANY OTHER BUSINESS**

- 19.1 Robert Black reminded the Resident Board Members that they would need to vote at the AGM and remind the residents, where possible, to do so.

**20. DATE OF NEXT MEETING**

- 20.1 The Board was reminded that the next meeting was scheduled for 26 November 2015.

**21. CLOSE OF MEETING**

- 21.1 The meeting was closed at 8.38pm

**MATTERS ARISING**

NO.	MEETING DATE	MINUTE NUMBER	ACTION	BY WHOM	BY WHEN	UPDATE
1	23/7/15	5.3	Report providing an analysis of board member election voting.	RB	10/9/2015	This is included on the agenda of the meeting.

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA****HOUSING AND PROPERTY SCRUTINY COMMITTEE****5 NOVEMBER 2015****REPORT BY THE DIRECTOR OF HOUSING AND TOWN CLERK AND  
EXECUTIVE DIRECTOR OF FINANCE****MID YEAR REVIEW ON TMO PERFORMANCE AGREEMENT 2015/16**

The purpose of this report is to present details of the Tenant Management Organisation (TMO) performance from April to September 2015 against the Performance Agreement.

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

- 1.1 The performance of the TMO in the first six months of 2015-2016 shows that the Organisation is working towards the outcomes identified in the 2015-16 Performance Agreement, agreed in June this year. Performance on the key performance indicators shows a good performance for operational PIs; relet times, repairs and leasehold collection rates. Issues with the Council's finance system, Agresso is impacting on rent collection rates. Commencement of the capital programme has been delayed awaiting the outcome of the hearing from the Leasehold Valuation Tribunal on the procurement framework. The two audits undertaken to date have been given a satisfactory level of assurance. The TMO has been very busy on a number of workstreams that meet the strategic aims of the Council; continuing to prepare for further welfare reforms and the introduction of Universal Credit, delivering the capital programme using the new procurement framework including seven additional homes and ensuring compliance and delivery of a number of important health and safety issues. There has also been a focus on increasing the commercial income with the implementation of the parking review and taking a proactive approach to asset management with the Council on both disposals and the introduction of intermediate rented housing.

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

- 2.1 The TMO (HRA) Performance Agreement was reported to the Scrutiny Committee on 9 July 2015. This set the performance framework for monitoring the TMO for 2015-16, 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 the 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**

**Laura Johnson**  
**Director of Housing**

**Nicholas Holgate**  
**Town Clerk and Executive Director of Finance**

Background papers used in the preparation of this Report:

None

Officer contact:

Celia Caliskan, General Needs Housing Commissioning Manager

Tel: [REDACTED] E-mail: [celia.caliskan@rbkc.gov.uk](mailto:celia.caliskan@rbkc.gov.uk)

## TMO PERFORMANCE AGREEMENT 2015-16 – MID YEAR REVIEW

1	<b>Key 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		The PIs that are operational are showing good results with all targets met or within the set tolerance level. Both Repairs Direct PIs have exceeded their targets for Q2. The capital programme performance PIs have not shown any significant progress because the internal works have only just started following the outcome of the Leasehold Valuation Tribunal hearing in respect of the procurement framework. Capital programme spend is as expected. Relet times have improved in Q2, but collection rates have been affected by the performance issues with Agresso.					
Ref	Performance indicator (PI) title	Good is?	2014/15 Outturn	2015-16 Target	2015-16 Actual Q1	2015-16 Actual Q2	Target achieved	Commentary
HS1	% Post Inspections passed (Repairs Direct)	HIGH	63.49%	>=90%	89.84%	94.74%	😊	Target met.
	Satisfaction with repairs (Repairs Direct)	HIGH	96.69%	>=95%	96.34%	97.25%	😊	Target met.
HS 2	Local authority tenants satisfaction with landlord services. (Biennial)	HIGH	-	-	-	-	-	The next proposed survey is 2016. The 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	327	>=1004	0	0	TBC	Contracts have only recently been mobilised so anticipated no completion data yet received by Keystone at the end of Quarter 2 but receipt of data expected through Q3 and Q4.
HS 5B	Number of homes brought up to the external Investment Standard	HIGH	1420	>=2157	0	0	TBC	
HS 3	Number of homes where SAP rating has increased through planned works	HIGH	1341	>=1091	0	0	TBC	
HS 4	Average number of days to re-let local authority housing. (YTD)	LOW	23.87	<=23	23.54	14.52	😊	Year to date performance is currently 19.47 days. Performance continues to be monitored on a weekly basis to ensure continued positive outcomes.
HS 6	Collection rates - leaseholder service charges. (YTD)	HIGH	104.681%	100.172%	25.41%	57.737%	😊	Year to date target: 50.513%.  In percentage terms collection remains in target; however, in monetary terms service charge collection is below target and we would expect this continue until the issues with Agresso are fully resolved. Missing payments cause a multitude of problems, in particular the ability to refer debts to litigation as we cannot be sure that the current balances are accurate.
HS 7	Collection rates - leaseholder major works. (YTD)	HIGH	129.884%	69.689%	17.75%	34.939%	😊	Year to date target: 0.010%.  Major works income is continuing to hit target and steadily reduce arrears, however, most of the billing for 2015-16 has now been applied to the Q3

								invoices and will change the level of the arrears throughout the remainder of the year.
HS 8	Rent collection and arrears recovery: seven weeks arrears. (YTD)	LOW	3.96%	<=4.5%	4.25%	5.02%	☹️	At the end of September 2015, the Rent Income Team was below target for current tenant rent arrears. Agresso issues continue to impact on arrears figures with just under £100,000 worth of payments estimated to be missing from rent accounts. There are a number of evictions pending.
HS 9	Rent collection and arrears recovery: rent collected. (YTD)	HIGH	99.65%	99.96%	98.41%	98.73%	😐	Rent Income Officers are continuing to progress with arrears actions; however the increase in court costs for possession (now £250 which were previously £100) will impact on taking lower level arrears cases to Court where the added legal costs may match the level of arrears. With Christmas approaching there will be an increased drive to target households in arrears to mitigate some of risk of non-payment in December 2015.
HS 11	Proportion of approved housing capital investment programme spent. (YTD)	HIGH	99.8%	>=99%	8.42%	13.66%	😊	The budget for the HRA Main Programme in 2015/16 is £14.031 million. The 2015/16 budget has been increased by £31,000 due to the underspend being carried forward from 2014/15. At this stage in the year no budget variation is currently forecast.
HS 10	Collection rates and arrears: Travellers Site	HIGH	103.40%	>=100%	88.95%	95.58%	😐	Collection for Q2 alone was 102.21%. Arrears ended the quarter at £16,002.

2.	<b>Audits</b> The audits programmed for 2015/16 as follows:	<b>Service Area</b>	<b>Audit</b>	<b>Progress</b>
		<b>Finance and IT</b>		
		Corporate Accounting – KCTMO and Repairs Direct	Full Review	Q4
		Leaseholder consultation, Income and Debt Recovery	Full Review	Q3
		HRA Accounting	Full Review	Q4
		IT Network Security	Full Review	Final issued - satisfactory
		IT Server Infrastructure	Full Review	Q4
		<b>Operations:</b>		
		Housing Rents	Full Review	Q3
		Housing Management	Full Review	Q3
		Lifts Contracts - Management	Full Review	Q3
		Property Data and Standards Team – Asset Management	Full Review	Q3
		Cleaning Contract - Management	Full Review	Final issued - satisfactory
		<b>People and Performance:</b>		
		Health and Safety	Full Review	Q4
		<b>Executive:</b>		
		Risk Management	Full Review	In progress
		Procurement Governance	Full Review	Final Issued - satisfactory
3.	<b>Respond to the impact of welfare reform</b>			
3.1	Universal credit being paid directly	The Heads of Neighbourhoods attend the Welfare Reform Benchmarking Sub		

	to tenants.	<p>Group where the implementation of Universal Credit is discussed.</p> <p>The TMO tenant profiling is enabling the TMO to better understand residents' needs to help shape their services going forward. By the end of August 2015, 741 tenant profiling visits were attempted with 480 completed. The profiling information includes questions around budgeting, access to the internet and vulnerabilities which is feeding into the preparation for Universal Credit (UC).</p> <p>It is anticipated that UC will be introduced within the borough in November this year. The TMO has been raising awareness by updating its website with the most up to date information, including an article in the Link magazine which states where residents can find free use of computers in the borough and has improved its literature on the matter.</p>
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>The TMO continues to work with RBKC on long-term solutions for households who need to move to smaller accommodation due to the welfare reforms. These include:</p> <ul style="list-style-type: none"> <li>• Mutual exchange (for which there are financial incentives);</li> <li>• Transfer to smaller accommodation (for which there are financial incentives and priority points are given);</li> <li>• Employment opportunities through Pathways to Work;</li> <li>• Advice obtainable at road shows, this year entitled, 'Your Route to Success' (2014/15) (see 3.3).</li> </ul> <p>As at the end of August 2015 the TMO has carried out seven mutual exchanges for those affected by the welfare changes and there have been two transfers.</p>
3.3	The TMO will continue to work with the Council on the delivery of support for workless tenants and households	<p>The TMO has started delivering a series of 'Get Wise' Roadshows (2015/16). The three main themes are Health and Wellbeing, Employment &amp; Training and Finance and Budgeting. The first one commenced in June 2015 where 173 residents attended. These events are joint events with other local housing providers, thus widening their reach. The next roadshow will be in the south of the borough in February.</p>

		<p>Each event includes a number of external agencies and TMO departments offering a wide range of training and support. The TMO also welcomes new partners to join the roadshow.</p> <p>RBKC carried out a jobs roadshow at the recent TMO 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.</p>
<b>4.</b>	<b>Investing in the Borough's Stock</b>	
4.1	The TMO will continue to work with the Council on the HRA business planning and asset management	<p>A planned 5 year capital programme has been developed and has been published on KCTMO's website.</p> <p>A framework of contractors and consultants has been set up to deliver the capital and planned external decorations programme over this period. Work has commenced on internal refurbishment and external works are planned to commence in Q4 of 2015-16.</p> <p>Options for capital investment for 2017/18 and beyond are being considered in the context of potential funding changes.</p>
4.2	The TMO will continue to work with the Council on asset investment projects.	<p><b>Grenfell Tower Regeneration</b></p> <p>The regeneration of Grenfell Tower is approaching its final stages. New double glazed windows have been installed to all homes and the new communal boiler has now been commissioned. The TMO is working with residents to agree the connection of individual flats onto the new system.</p> <p>The external cladding is now being fitted and the construction of the new communal entrance and community room is well underway.</p>

		<p>Work is also progressing on the building of the new nursery, boxing club and nine new "hidden homes".</p> <p>There have been some delays in the programme as two of Rydon's subcontractors have gone into liquidation and alternative suppliers and installers have had to be procured. This will delay the completion date. Latest reports show that the project will still be delivered within the approved budget.</p> <p>An additional piece of work is currently being priced and programmed to complete the environmental works and installation of play equipment that was omitted from the KALC project because of its close proximity to the Grenfell Tower site. This work would be in addition to the current approved contract sum and the works would be programmed at the end of the current contract period.</p> <p><b>Trellick Tower</b></p> <p>A programme of work to Trellick Tower is being planned. This will include the external repair and maintenance of the exterior of the building and will include refurbishment and redecoration of existing windows, concrete repairs and limited renewal of windows that are beyond economic repair.</p> <p>The estimated cost of this work is currently £7.23m and it is proposed that this work will be delivered in the 2016/17 and 2018/19 financial years.</p> <p>It is proposed to procure this work through the Capital Works Framework with Wates and Baily Garner. The scope of work will be firmed up through further detailed survey and pilot works in consultation with planners. Given the Grade 2* listed status of the building and the nature of the work required (i.e concrete repair and refurbishment of windows), there is a risk that the cost of the work could increase. This will be monitored closely and options considered before the scope and cost of the scheme is finalised.</p>
--	--	---

		<p><b>Hidden Homes</b></p> <p>The Whistler Walk hidden homes scheme has been completed, delivering 7 new homes within budget.</p> <p>A further project at Holmefield House is currently progressing through the procurement.</p> <p>Other projects are being considered at feasibility stage.</p>
4.3	Capital Programme Monitoring	<p>The works undertaken as part of the capital programme now include a proactive asset management approach seeking to improve performance in terms of rental income, value for money and providing as a decent safe place for residents to live.</p> <p>Due to the size and the complexity of the capital programme the Council and TMO have put in place monitoring arrangements to reflect the increased level of funding and risk involved.</p> <p>More detailed capital monitoring procedures have been developed which set out the working relationship between the TMO and the Council on the asset management projects. These will be included in the next iteration of the Management Agreement and are in preparation for further regeneration opportunities involving extensive partnership working.</p>
4.4	The Capital Works Procurement framework	<p>As mentioned in 4.1 the TMO 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)</p> <p>In order for the Council and the TMO to be able to use the framework for works to leasehold properties and to be able to recover the costs the Council had to</p>

		<p>make an application to the Upper Tier of the Leasehold Valuation Tribunal to establish if the framework was a Qualifying Long Term Agreement. It was established that the framework is a Qualifying Long Term Agreement to which section 20 of the Leasehold and Tenant Act applies.</p> <p>The TMO will be using the framework for all works but is taking a measured, risk management approach by starting its programme with internal works.</p>
4.5	Working with the Council to improve the quality and supply of TA	<p>The Council is looking at expanding the number of TA properties that the TMO manages. This is mainly through opportunities that come about as a result of regeneration plans. For example, where the Council is buying back properties on estates scheduled for regeneration properties have been let as TA while regeneration plans are progressed. There is an ongoing dialogue between Housing, Corporate Property and KCTMO regarding expanding KCTMO's management of TA.</p>
<b>5.</b>	<b>Repairs Direct</b>	
5.1		<p>The mid year position is positive and reflects the ongoing improvements that have been made in service delivery in all areas of the Repairs Direct business. Improved productivity coupled with efficiency savings have reduced average day to day and void job costs which will contribute to the expected surplus at year end.</p> <p>A reduction in sub contractor usage has been achieved with the direct labour force taking on more of the workload and this will continue as part of the change process.</p> <p>A new staff structure is being implemented together and with the trade skills review ensuring the Organisation is best placed to accommodate the opportunities and challenges that increased in-house activity and future growth brings.</p> <p>A more structured and regular meetings schedule has contributed to improved</p>

		<p>communication and coordinated between departmental and stakeholder groups that has enhanced working relationships and team working.</p> <p>In looking forward the TMO is setting the framework for delivery of excellent core services that provides enhanced customer satisfaction with a repairs team that has the capacity to create and develop opportunities internally and externally.</p>
<b>6.</b>	<b>Disposals</b>	
6.1		<p>The disposals policy has been approved by Cabinet and three properties have been identified for disposal and one for conversion.</p> <p>The Council and the TMO are working with Corporate Property to vacate the properties for disposal and appoint agents, and for the conversion complete the appraisal and undertake required work in preparation for reletting.</p> <p>The disposals should be completed by the beginning of next year and the conversion will be completed by the end of March?</p> <p>The Council and Tenant Management Organisation are reviewing the asset management model to identify other properties that require significant investment.</p> <p>Joint work will also be taking place to look at the impact of the new Housing Bill and the required disposal of high value voids on asset management and the capital programme. This will be reflected in the HRA Business Plan to be published in January 2016.</p>
<b>7.</b>	<b>Digitalisation</b>	
7.1	Tackling the digital divide by considering how to address	The TMO is currently developing its Digital Inclusion Plan, which will support the aims of the Corporate Investment Strategy, which includes a section on

	barriers that are preventing tenants benefiting from these technologies.	<p>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, investigating Wi-Fi access points in community rooms and signposting residents towards local pre-existing services in the Borough that provide digital inclusion support.</p> <p>The TMO continues to be involved in the development of the Tri-borough Project looking at the issue of digital inclusion for social housing tenants.</p> <p>Internet Access has been included within the tenancy check process.</p>
<b>8.</b>	<b>Health and Safety</b>	
8.1	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>A Health &amp; Safety Action Plan facilitates monitoring of compliance with health &amp; safety legislation and best practice. This is updated and presented to the KCTMO Health &amp; Safety Committee on a bi-monthly basis. This Committee is chaired by the Executive Director of Financial Services &amp; ICT.</p> <p>Since April 2015 particular progress has been made with –</p> <p><b>Fire Safety</b></p> <ul style="list-style-type: none"> <li>• The Fire Risk Assessment (FRA) programme, required by fire safety legislation, is ongoing and continues to adhere to best practice guidelines and comply with London Fire Brigade (LFB) requirements.</li> <li>• Bi-monthly meetings with LFB Officers continue. This has fostered a closer working relationship and led to increased LFB familiarisation visits to major works projects such as Grenfell Tower and other blocks (particularly high-rise) throughout the stock, closer cooperation on fire investigation &amp; post-fire audits, better interrogation of false fire alarm activations &amp; LFB attendance at lift shut-ins, a more coordinated approach to dealing with</li> </ul>

		<p>"hoarders", better support for high risk individuals (provision flameproof bedding for several sheltered residents who smoke) etc.</p> <ul style="list-style-type: none"> <li>• No enforcement action taken and no Notices of Safety Deficiencies received from LFB in this period</li> <li>• Eight fires were reported and attended by the LFB in this period. No-one was injured in any of these incidents. Six of these fires were considered by the LFB to be relatively minor with little or no damage to property. In the remaining two cases there was significant property damage.</li> <li>• Electrical inspection and testing programme progressing – within communal areas and also within dwellings. Inspections within dwellings incorporate the installation of a hard-wired (with battery back-up) automatic fire detection system. This has significantly increased resident safety. (In both of the recent fires which resulted in considerable property damage the smoke / heat alarms were activated at an early stage and residents were able to evacuate safely without injury.)</li> </ul> <p>Continued liaison with Ofcom has prevented further pirate radio activity on roofs of the high-rise blocks.</p> <ul style="list-style-type: none"> <li>• With regard to resident safety, works also continue to ensure compliance with gas safety - with gas servicing currently running at 100%,</li> <li>• legionella prevention - specialist contractors inspect communal storage tanks and sample and analyse water quality annually and carry out bi-annual water quality risk assessments,</li> <li>• asbestos legislation – ongoing survey programme of void dwellings and communal areas, information &amp; guidance to residents and encapsulation / removal by licenced contractors where asbestos material deteriorates, becomes damaged or works are planned which would interfere with it</li> </ul> <p>With regard to staff health &amp; safety there is an ongoing programme of workplace inspections &amp; risk assessments, work activity risk assessments, allocation and monitoring of lone worker safety devices, accident and violent incident investigation, regular health &amp; safety training etc.</p>
--	--	--

9.	<b>HRA commercial portfolio</b>	<p>The portfolio currently comprises 182 properties, producing an annual rent roll of £3.06m. 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>Corporate Property is reporting that KPI targets for issuing invoices, rent collection and lease renewals will be substantively missed in 2015/16, due to failures of their internal systems stemming from problems with the implementation of Agresso, the new tri-borough finance system.</p> <p>However, progress is being made in other priority areas, including identifying new income streams (particularly via telecoms lettings), maintaining low void levels in the existing stock and addressing issues with HRA properties occupied by RBKC departments without formal leases.</p>
9.1	<b>Parking Review – Commercial Workstream</b>	<p>This KCTMO-led project seeks to generate new revenues by changing use of and commercially leasing derelict and underused estate parking sites.</p> <p><b>Acklam Road (Swinbrook Estate)</b> A new lessee, Brunel Estates, was identified for this site following withdrawal of the previous proposed lessee prior to completion. July Cabinet approved a lease on terms that will generate £200k pa in new income on a 25 year term. Brunel will provide all capital expenditure, including funding redevelopment of the area retained for residents parking. We are managing the project to completion, with lease commencement estimated in 2016/17 Q1.</p> <p><b>Holmefield House</b> Cabinet approved the letting of this site to Iridium Assets in October 2014, on terms that will generate £120k pa in new income on a 20 year term. Delays have been incurred due to legal advice over the detailed lease terms and problems in scheduling enabling works by KCTMO. However, these have been addressed and we are managing the project to completion, with lease</p>

		<p>commencement estimated in Q4.</p> <p><b>Walnut Tree House (Tregunter Estate)</b>  Lease of this site to Fortbox completed in 2014/15 and the site is operational, paying £142k pa of new income on a 25 year term. However, there have been considerable problems with water ingress, which we are still working with the lessee to resolve.</p> <p>These leases will collectively generate c.£500,000m pa in new income from previously derelict sites, representing a 33% increase in value of the entire HRA Commercial Portfolio (for which the rent roll is £3m pa, excluding these sites).</p>
10.	<b>Parking Review – Enforcement Workstream</b>	<p>The off-street traffic management order was made in statute on 29 June, with three estates being excluded due to objections received. The statutory consultation on the on-street order runs to 9 October. Objections on both orders will be considered in a Key Decision Report after 9 October.</p> <p>Works will begin in mid-October on the non-excluded off-street estates to transform them in preparation for going live with the new arrangements.</p> <p>Subject to the outcome of the Key Decision Report, the go live date is anticipated to be in November 2015.</p>
11.	<b>Resident Engagement</b>	<p>The TMO held its annual Residents' Conference in September 2015. The event which was attended by over 400 residents and 55 children was the most successful TMO residents' conference in terms of numbers and diversity of residents attending. Residents participated in a number of Workshops including Q&amp;A sessions with the RBKC Council Leader and the TMO Executive Team.</p> <p>The number of young residents signing up to the Youth Engagement Project continues to grow and now stands at 275 young people. The increased engagement is mainly through the successful delivery of a number of sport</p>

		projects, local community roadshows and the completion of the refurbishment of the Hazlewood Tower Games pitch.
<b>12.</b>	<b>Travellers' site</b>	<ul style="list-style-type: none"> <li>• HRP works to the community room and relocation of the site office is now complete and was well received by residents</li> <li>• Work is continuing with the new Resident Compact which has been progressed by the TMO's resident engagement team. Further training for compact members has been arranged as well as arranging a Compact meeting to discuss any site issues.</li> <li>• All residents have now signed the new licence following a further push from the Site Manager. No further legal challenges to the licences have been received so this is a positive step forward.</li> <li>• Site management is ongoing with key services well managed including repairs, rent collection and estate management.</li> <li>• Further repairs are required to the access road on the site. TMO will be carrying out remedial works however further discussion required between the TMO and RBKC at the next contract meeting regarding renewal of the road which will require a capital investment.</li> </ul>
<b>13.</b>	<b>Conclusion</b>	<p>The TMO continues to work towards the outcomes set out in the 2015-16 Performance Agreement. It is busy with the variety of workstreams designed to meet the strategic aims of the Council; supporting welfare reform, pro-active asset management and increasing commercial income for the HRA as well as building on the strength of its core housing management functions, keeping resident safe, secure and supported.</p> <p>Big challenges lay ahead for the partnership and the HRA Business Plan 2016, currently being developed, will set these out. Close working to implement the new Housing Bill and mitigate the impact to the Council's stock and the TMO's operations will be essential.</p>

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA  
TENANT MANAGEMENT ORGANISATION LIMITED ("TMO")**

<b>Open</b>
-------------

<b>For Information</b>
------------------------

<b>Board Report</b>
---------------------

<b>Report title:</b>	Parking Project Update.
----------------------	-------------------------

<b>Authority for decision:</b>	The Board has responsibility to ensure that TMO delivers its contractual obligations.
--------------------------------	---

<b>Recommendations:</b>	That the Board consider and note the contents of the report.
-------------------------	--

<b>Regulatory/legal requirements:</b>	The Board has maximised duty to promote the success of the Company.
---------------------------------------	---

<b>Business Plan link:</b>	Value for Money.
----------------------------	------------------

<b>Equality Impact Assessment/comment:</b>	There are no equality implications.
--	-------------------------------------

<b>Resident consultation:</b>	TMO has been undertaken statutory consultations on the Traffic Management Orders.
-------------------------------	---

<b>Resource implications/VFM statement:</b>	We are required to maximise parking income.
---	---

<b>Risk:</b>	The lack of parking enforcement on TMO-managed estates may result in unregulated and disorderly parking on the estates.
--------------	---

<b>Appendices:</b>	N/A
--------------------	-----

<b>Total number of pages including appendices:</b>	3
--	---

<b>Name, position and contact details of author:</b>	John Parrott, Ext [REDACTED]
--	------------------------------

## 1. Purpose

- 1.1 To provide an update on the KCTMO parking project, including the extension of the go live date for the new enforcement system.

**FOR INFORMATION**

## 2 Background

- 2.1 In March 2014, Board approved a new parking policy, which standardised management practice and enabled RBKC Transport and Highways officers to propose introducing a Traffic Management Orders covering HRA land.
- 2.2 These Traffic Management Orders were formally approved by the Cabinet Member for Planning Policy, Transport and Arts on 31 October 2015. Following a programme of works that is currently underway to transform the estate parking areas, the Traffic Management Orders will come into effect early in the New Year. This will enable robust enforcement of parking restrictions across most of the KCTMO-managed estates.
- 2.3 In parallel to planning the Traffic Management Orders and future parking enforcement systems with RBKC Transport and Highways, we have also been revising our internal procedures. This is in order to simplify current administration and provide a more consistent and transparent service in line with the new parking policy.

## 3 Excluded estates

The following estates, areas and car parks are excluded for now from the new parking arrangements, with a brief explanation each:

- Wandon Road  
Wandon Road Estate is within the London Borough of Hammersmith and Fulham. KCTMO is therefore dependant on that local highway authority to introduce a traffic management order to cover the estate's parking enforcement.
- Edenham Way  
During the new KCTMO parking policy consultation in early 2014, the Edenham Ways residents' association, as well as individual residents, petitioned for their estate to be excluded from the policy. This was agreed to.
- Elm Park Gardens underground car park  
This car park is managed by the Elm Park Gardens porters; entrance to it is controlled by an electronic fob system. KCTMO has a legal obligation to allocate bays here because new flats sold following 2011/12 basement conversion works incorporated designated bays in the lease agreements.
- Pond House  
During the pre-traffic order consultation the residents of Pond House organised a petition against planned new parking arrangements. In light of this Pond House was excluded from the traffic management orders.

- Notting Barn Estate (Notting Barn Road, Matthew Close and Salters Road)  
During the statutory off-street traffic management order consultation the residents organised a petition against it. In light of this Notting Barn Estate was excluded from the order.
- Acacia Walk  
During the statutory off-street traffic management order consultation, discussions were held between residents and KCTMO officers about the planned changes. By mutual consent it was agreed that the changes would not suit Acacia Walk and that the current arrangements would be maintained.

With the exception of Wandon Road (for which we are dependent of the co-operation of London Borough of Hammersmith and Fulham), all of the above may have the new arrangements extended to them in the future by amending the traffic management orders, should residents want this.

## **4 Extension of the project timeline**

### **4.1 Traffic Management Orders**

No KCTMO or RBKC officers had ever produced an off-street traffic management order before. Indeed, the whole idea of having traffic order enforcement on private housing estate land is a recent Department for Transport recommendation that very few local authorities have begun to implement.

In order to ensure that everything was correctly covered, the KCTMO off-street order took much longer to complete than had been envisaged. It was eventually approved for consultation in its sixteenth version.

### **4.2 Memorandum of Understanding**

A Memorandum of Understanding between KCTMO and RBKC Parking Services needs to be agreed and in place prior to the project going live. This will effectively be the service agreement between the two organisations.

There have been significant issues to address, mainly concerning financing, in agreeing this memorandum. However, compromises have been made and subject to legal approval, it will be signed shortly.

### **4.3 Undertaking the required physical works**

A programme of physical works to transform the car parking areas is underway in preparation for going live. Following the approval of the on-street traffic order on 30 October 2015, a four week cooling off period is required before the production of the signage and bay line painting can commence for the on-street areas.

### **4.4 Parking management IT system**

The roll out of RBKC's Parking Services team's new parking management IT system (SPUR), that KCTMO is reliant upon, has been delayed until at least 7 December 2015, latterly due to issues relating to the RBKC's Agresso accounting software.

RBKC understandably want to launch and use SPUR on the public roads for a week or two prior to extending it's operation to the KCTMO estates.

## **5 Going live with the new arrangements**

- 5.1 With the availability of the SPUR system being so close to Christmas, and not wanting to go at that time for a variety of reasons (increased visitors to the estates, residents going away, availability of staff to resolve issues), it has been decided to delay going live until January, pencilling in Monday 11<sup>th</sup> or 18<sup>th</sup>.

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA  
TENANT MANAGEMENT ORGANISATION LIMITED ("the TMO")**

<b>Open</b>	
<b>For information</b>	
<b>Board</b>	
<b>Report title:</b>	Performance Update (September 2015)
<b>Authority for decision:</b>	The Board has ultimate responsibility for the performance of the organisation.
<b>Recommendations:</b>	That the Board consider and note the contents of the report.
<b>Regulatory/legal requirements:</b>	The Board has a duty to promote the success of the Company by monitoring its performance against the agreed KPIs.
<b>Business Plan link:</b>	Developing organisational competence.
<b>Equality Impact Assessment/comment:</b>	There are no equality implications.
<b>Resident consultation:</b>	The Performance Indicators and Business Plan have been developed with the full involvement of staff, management and the Board, and in consultation with residents, key stakeholders, and partners, of which the Royal Borough is paramount.
<b>Resource implications/VFM statement:</b>	We are committed to achieving top quartile performance with value for money
<b>Risk:</b>	Decline in organisational performance could result in could result in reputational risk and action from RBKC.
<b>Appendices:</b>	1
<b>Total number of pages including appendices:</b>	13
<b>Name, position and contact details of author:</b>	Yvonne Birch Executive Director of People & Performance, [REDACTED]

## PERFORMANCE UPDATE – QUARTER 2 (2015-16)

### Purpose

The purpose of this report is to advise the Board of the TMO's performance for the period April – September 2015.

**For information**

### 1 Introduction

- 1.1 This report and the attachments give an overview of the performance of the TMO in key business areas during the reporting period.

### 2 Strategic performance indicators

- 2.1 The traffic light indicators use the usual colours to indicate the status of the year to date performance against target.

### 3 Repairs Direct

- 3.1 Repairs Direct completed 8573 responsive repairs during the quarter, with 97.58% of emergency repairs and 93.88% of non-emergency repairs completed in target.
- 3.2 Performance dipped for the percentage of non-emergency repairs completed in target. This was owing to unforeseen trades absence during the peak holiday period, exacerbated by reduced sub-contractor cover.
- 3.3 The percentage of recalls issued remains low and the number of post inspections passing quality standards has continued to improve since the end of quarter one.

### 4 Voids & Lettings

- 4.1 The average number of days to re-let a minor works general needs (GN) void for the second quarter was 14.52 days, showing continuous improvement through the year which is further reflected in the void loss result.

Performance measure	Q1	Q2	Year to Date
No. general needs lettings (major and minor)	60	52	112
Average number of days to re-let a GN empty property where minor works have been undertaken (calendar days)	23.54	14.52	19.47
Year to date rent loss, as a % rent roll	0.79%	0.71%	0.71%

4.2 The number of current available voids at the end of quarter 2 was 41, just above our target of  $\leq 40$ . There was an increase in the number of terminations in quarter two relating to the transfer of a number of households to new homes on the Silchester estate. At the date of writing, the number of available voids has reduced back to within target.

4.3 Performance continues to be monitored on a weekly basis to ensure the continued positive trend.

## **5 Gas Compliance**

5.1 Gas servicing as at the end of September was 99.94%, with three properties without a valid Landlords Gas Safety Certificate (LGSC).

5.2 During October the compliance rate returned to 100%.

5.3 Warrants continue to be sought where access unreasonably withheld.

## **6 Capital programme**

6.1 As previously reported, our non-decency and average SAP rating KPIs have been superseded by the following performance indicators, allowing the TMO to report more meaningful and accurate returns in these areas.

- i. The number of properties successfully brought up to the agreed RBKC/TMO standard internally. End of year target for 2015-16 is confirmed at 1044 homes.
- ii. The number of properties successfully brought up to the agreed RBKC/TMO standard externally. End of year target for 2015-16 is confirmed at 2157 homes.
- iii. The number of properties with an energy performance certificate where a SAP improvement has been achieved by the current programme. End of year target for 2015-16 is confirmed at 1091 homes.

6.2 The September outturn of zero for these KPIs is as expected.

6.3 Detailed information on the capital programme spend was limited at the end of September due to issues with information available from Agresso.

## **7 Rent Collection**

7.1 At the end of September our current tenant rent arrears were £1,187,209 against a target of  $\leq$  £967,475.

7.2 Ongoing problems with RBKC's financial system (Agresso) have continued to impact on rent collection figures. RBKC is continuing to work with BT to resolve the outstanding issues but problems are likely to continue for the majority of this financial year.

## **8 Home Ownership**

- 8.1 As with the Rent Income Team, the Home Ownership Income Team has also been unable to process arrears in the normal way due to a lack of clarity in terms of account balances.
- 8.2 In percentage terms income collection remains on target; however, in monetary terms service charge collection is below target and we would expect this continue until the issues with Agresso are fully resolved.
- 8.3 Major works income is continuing to hit target and steadily reduce arrears; however, most of the billing for 2015-16 has now been applied to the Q3 invoices and will change the level of the arrears throughout the remainder of the year.

## **9 Corporate Property**

- 9.1 Corporate property debt figures are currently unavailable due to the issues mentioned above.

## **10 Environmental Services**

- 10.1 Performance remains above target for the key Environmental Services performance indicators.
- 10.2 The number of joint visits undertaken in the quarter was lower than average. This was largely due to staffing resources being diverted to assist with Carnival preparations. We will review arrangements for this next year.

## **11 Anti Social Behaviour**

- 11.1 Between July and September 93 new ASB were opened.
- 11.2 This is an increase compared to 2014-15. There are no noticeable trends; however, there are a number of reasons for this increase.
  - i. The new ASB, Crime & Policing Act 2014 has raised the profile of ASB, therefore residents are more aware of ASB locally which has generally increased reports.
  - ii. Over the past year the TMO has increased ASB training for staff, including refresher training on recording ASB which has increased the number of cases inputted within our management system.
  - iii. The TMO has also increased publicity on ASB through the Link, the website and speaking with Residents' Associations and providing updates at Area Review Board meetings.
- 11.3 There has been an increased drive to maximise the number of satisfaction surveys completed. This has led to a significant increase in

the number of surveys completed in quarter two; 33 compared to 7 in quarter one.

- 11.4 Generally 66.67% of respondents were satisfied with the outcome of the ASB cases, with a further 24.24% remaining neutral. 84.8% said that they would be willing to report ASB problems in the future - a positive response.
- 11.5 Those respondents who reported dissatisfaction have been contacted by Neighbourhood Management team leaders in order to understand the reasons why and to address these.

## **12 Resident Engagement**

- 12.1 The annual Residents' Conference was held on the 26<sup>th</sup> September at the Royal Garden Hotel on Kensington High Street.
- 12.2 A total of 450 residents attended the conference, an increase of 29% on last year's attendance making it the most well attended TMO conference to date.
- 12.3 As in previous years the structure of this year's event was that of formal workshops in the morning, followed by informal activities in the afternoon.
- 12.4 The conference was hosted by Fay Edwards and Robert Black. Guest speaker on the day was Cllr Gerard Hargreaves, Cabinet Member for Voluntary Organisations and Resident Engagement.
- 12.5 The Mayor, Cllr Robert Freeman, Victoria Borwick MP, and Laura Johnson (RBKC Director of Housing) also attended to support the event and meet with residents.

## **13 Customer Service Centre**

- 13.1 During quarter two the Customer Service Centre received 21091 calls, and answered 93.18%, an improvement on quarter one performance.
- 13.2 The percentage of calls answered within 30 second remained below target for the period but improved steadily. In October the target was achieved, with 78.97% of calls being answered within 30 seconds.

## **14 Complaints**

- 14.1 A total of 117 new complaints were received in quarter two, a noticeable increase compared to the previous period.
- 14.2 The increase in complaints is in part due to the Complaints team ensuring that complaints are logged correctly as complaints and not enquiries, following a recent review of the definition of a complaint.

14.3 There have also been some issues with Repairs Direct. These include delays with undertaking repairs and a lack of operatives causing delays (see also 3.2).

14.4 For the quarter the TMO answered 96.97% of Stage One complaints with target, bringing our year to date performance to 95.19%.

## **15 Governance**

15.1 Membership, specifically the signing up of new Members, continues to be a high priority for the TMO.

15.2 The number of new members signed up for the year at the end of September was 274, against a target of  $\geq 226$ ; an extremely positive outcome compared to 2014-15 when just 57 new Members had joined the TMO by the end of quarter two.

15.3 A range of activities including door knocking exercises and mail-shots are currently underway and will continue throughout the remainder of the year. In addition, staff members have been given individual recruitment targets to meet by April.

## **16 Recommendations**

16.1 The Board is invited to consider and note the content of the report.



Kensington  
& Chelsea TMO

**BOARD KPI REPORT  
QUARTER 2: 2015-16**

# BOARD KPI REPORT - QUARTER 2: 2015-16



## Repairs & Maintenance

	Q2	Q3	Q4	2014-15	Q1	Q2	2015-16	Status	Target	Upper quartile
<b>Responsive repairs</b>										
Emergency repairs completed in target	98.7%	92.3%	91.5%	95.48%	97.6%	97.6%	97.6%		>=99%	NC
Non-emergency repairs completed in target	96.6%	91.8%	87.2%	93.1%	95.6%	93.9%	94.8%		>=98%	NC
Void repairs completed in target	95.6%	92.1%	93.0%	95.2%	96.7%	97.7%	97.2%		>=90%	NC
Recalls as a % jobs completed	2.7%	2.6%	1.7%	2.3%	1.8%	0.8%	1.3%		<=5%	NC
Post inspection pass rate (Quality)	63.3%	71.9%	57.9%	63.5%	89.8%	94.7%	91.8%		>=90%	NC
Customer satisfaction	91.1%	96.1%	97.7%	93.7%	96.3%	97.3%	96.8%		>=95%	93.7%
<b>Voids &amp; lettings</b>										
No. General needs lettings (minor and major)	51	58	67	202	60	52	112	Info		
Average number of days to re-let a general needs home where minor works have been undertaken (calendar days)	-	-	-	Revised PI	23.54	14.52	19.47		<=23.0	21.10
Void rent loss as % of rent roll (YTD)	1.45%	1.35%	1.28%	1.28%	0.79%	0.71%	0.71%		<=0.75%	0.84%
Available voids at month end	65	68	46	46	43	41	41		<=40	40
<b>Compliance</b>										
% properties with valid Landlords Gas Safety Certificate (LGSR)	100%	100%	99.45%	99.45%	100.00%	99.94%	99.94%		100%	100%
Number of homes without a valid LGSR	0	0	36	36	0	3	3		0	NC
Number without LGSR for >3 months	0	0	0	0	0	0	0		0	NC
Customer satisfaction	100%	100%	98.20%	99.8%	97.7%	98.0%	97.9%		>=95%	NC
<b>Capital programme</b>										
Number of homes brought up to the KCTMO standard internally	142	76	109	327	0	0	0		1004	NC
Number of homes brought up to the KCTMO standard externally	612	622	186	1420	0	0	0		2157	NC
Number of homes where SAP rating has increased through planned works	523	658	160	1341	0	0	0		1091	NC
Actual capital spend	£2,008,421	£2,112,659	£ 2,947,952	£ 9,728,180	-				£9.7M	NC
Actual capital spend as a % total annual budget	47.9%	69.7%	99.8%	99.8%	-				>=99%	NC

18/11/2015 10:33

# BOARD KPI REPORT - QUARTER 2: 2015-16



## Income Collection

	Q2	Q3	Q4	2014-15	Q1	Q2	2015-16	Status	Target	Target for period	Upper quartile
<b>Current tenant arrears</b>											
Rent collected as a % rent due (excl arrears b/f)	99.50%	99.27%	99.65%	99.65%	98.41%	98.73%	98.73%		>=99.96%	-	99.49%
Gross current tenant rent arrears (£millions)	1.017	1.072	0.932	0.964	1.089	1.187	1.187		<=0.984	0.967	NC
Gross arrears as a % rent roll	2.08%	2.19%	1.90%	1.90%	2.10%	2.30%	2.30%		<=1.90%	-	2.06%
Percentage of tenancies with arrears of more than seven weeks	4.58%	4.63%	3.96%	3.96%	4.25%	5.02%	5.02%		<=4.5%	-	NC
Collection rate - social sector size criteria											
<b>Former tenant arrears</b>											
FTA cash collection	£21,553	£15,084	£32,869	£91,119	£16,809	£21,043	£37,852		£85,000	£42,498	NC
FTA write off	£48,701	£0	£29,124	£80,093	£297	£134	£431	Info	-	-	
FTA housing benefit collection	£1,371	£2,554	£3,384	£10,599	-£654	£6,745	£6,091	Info	-	-	
<b>Homeownership</b>											
Collection rate - service charges	27.6%	25.1%	27.2%	104.68%	25.41%	28.34%	53.74%		100.17%	50.51%	NC
Collection rate - major works	24.3%	30.3%	26.4%	129.88%	17.75%	15.33%	34.94%		69.69%	0.01%	NC
<b>Corporate property</b>											
Total aged debt	£ 57,439	£ 80,754	£ 68,820	£ 68,820	-	TBC	TBC		Info		
As % portfolio rent roll	1.9%	2.6%	2.3%	2.3%	-	TBC	TBC		<=5%	-	NC

18/11/2015 10:33

Page 2

# BOARD KPI REPORT - QUARTER 2: 2015-16

## Neighbourhoods & Community



	Q2	Q3	Q4	2014-15	Q1	Q2	2015-16	Status	Target	Target for period	Upper quartile
<b>Grounds maintenance &amp; cleaning</b>											
% grounds maintenance inspections achieving required standard	98.1%	98.5%	98.5%	98.3%	98.2%	98.4%	98.3%		>=97%		NC
No. cleaning callbacks	26	24	20	108	71	73	144		<=30 p/m		NC
No. quality assurance failures	0	8	0	11	0	0	0	Info	-		
<b>Anti-social behaviour (ASB)</b>											
No. new ASB cases reported	65	45	64	233	100	93	193	Info	-		
No. live cases at end of period	68	62	88	88	124	144	144	Info	-		
% complainants satisfied with handling of case	100.0%	88.9%	80.0%	85.3%	71.4%	67.7%	68.3%		>=81%		68.7%
% complainants satisfied with outcome of case	100.0%	88.9%	80.0%	85.3%	71.4%	67.7%	68.3%		>=81%		79.9%
<b>Resident engagement</b>											
No. new members joining Childrens' TMO	14	9	3	36	98	30	128		>=30	15	NC
No. new members joining Youth TMO	0	93	10	111	33	11	44		>=40	19	NC
No. residents signing up to 'Get on Board'	12	99	42	194	100	81	181		>=150	75	NC
No. new Residents Associations or Compacts	3	2	4	12	4	3	10		>=8	4	NC
Attendance at residents' conference	322	-	-	322	-	405	405		>=375	405	NC
No. attending training & employment road-shows	26	0	63	145	173	0	173		>=120	60	NC
<b>Community Alarms Service (CAS)</b>											
Total calls handled	20101	29492	21254	98527	19828	20424	40252	Info	-		
% answered within 60 seconds	98.6%	98.4%	97.0%	98.1%	96.8%	95.8%	96.3%		95.0%		NC
% emergency visits attended within 45 mins	96.7%	95.1%	98.5%	95.4%	97.1%	96.1%	96.6%		95.0%		NC
Customer satisfaction	97.0%	100.0%	97.5%	98.5%	99.0%	100.0%	99.3%		95.0%		NC

18/11/2015 10:33

# BOARD KPI REPORT - QUARTER 2: 2015-16



## Customer Contact

	Q2	Q3	Q4	2014-15	Q1	Q2	2015-16	Status	Target	Upper quartile
<b>Customer Service Centre</b>										
No. incoming calls received by Contact Centre	18810	22539	22673	83696	20415	21091	41506	Info		
% answered	89.5%	91.9%	91.2%	91.2%	89.97%	93.18%	91.60%		>=90%	93.58%
% calls answered within 30 seconds	66.0%	69.6%	57.3%	64.4%	57.1%	66.6%	62.0%		>=70%	NC
No. Reporting Repairs emails actioned	-	-	-	New PI	2528	2811	5339	Info		
<b>W2 processes &amp; correspondence</b>										
No. actioned within month	1477	1896	2229	7780	2021	2261	4282	Info		
% actioned within target	92.8%	93.8%	95.0%	93.5%	93.7%	94.7%	94.2%		>=90%	NC

# BOARD KPI REPORT - QUARTER 2: 2015-16



## Corporate

	Q2	Q3	Q4	2014-15	Q1	Q2	2015-16	Status	Target	Target for period	Upper quartile
<b>Complaints</b>											
No. new complaints	89	71	80	288	84	117	204	Info			
No. Stage One responses	90	63	68	281	88	99	187				
% answered in target	92.20%	92.06%	97.06%	94.00%	93.18%	96.97%	95.19%		>=90%		NC
No. Stage Two responses	2	4	2	9	9	7	16	Info			
% answered in target	100.0%	100.0%	100.0%	100.0%	100.0%	85.7%	93.8%		>=90%		NC
No. Appeals	0	1	0	1	3	0	3	Info			
% undertaken in target	-	100.0%	-	100.0%	66.7%	-	66.7%		>=90%		NC
<b>Governance</b>											
Percentage Board attendance at meetings	79.3%	68.4%	85.3%	80.9%	85.7%		85.7%	Info			
No. new members signed up	22	58	331	446	80	194	274		>=454	226	NC
No. members voting in AGM	1089	-	-	1089	-	724	724		>=749	749	NC
<b>Human Resources</b>											
Total staff (headcount)	208	213	214	214	215	TBC	TBC	Info			
Average number of days for sickness absence per FTE (rolling 12 months)	4.51	4.98	6.34	5.50	5.17	TBC	TBC		<=5.5		6.17

**THE ROYAL BOROUGH OF KENSINGTON & CHELSEA  
TENANT MANAGEMENT ORGANISATION LIMITED**  
(the 'Company')

Minutes of a Confidential meeting of the Board of Directors ('Board') of the  
Company held on the 10<sup>th</sup> September 2015 at 6.30 pm  
at 346 Kensington High Street, London W14 8NS

**PRESENT:**

<b>Resident Board Members</b>	Fay Edwards	- Chair
	Mary Benjamin	
	Anne Duru	
	Brendan Tracey	
	Kush Kanodia	
<b>Council-Appointed Board Members</b>	Cllr. Maighread Condon-Simmonds	
	Jeff Zitron	
	Cllr. Judith Blakeman	
<b>Independent Board Members</b>	Peter Chapman	

**APOLOGIES:**

Anthony Preiskel  
Tony Annis  
Deborah Price  
Simon Brissenden

**IN ATTENDANCE:**

Maria Escudero-Barbaza	Observer
Robert Black	Chief Executive
Yvonne Birch	Executive Director of People & Performance
Barbara Matthews	Executive Director of Financial Services & ICT
Sacha Jevans	Executive Director of Operations
Rupa Bhola	Assistant Director, Financial Services
Fola Kafidiya-Oke	Head of Governance & Company Secretary
Janet Seward	Policy & Improvement Manager
Gill Petford	Minutes

## 7. MINUTES OF THE CONFIDENTIAL MEETING HELD ON 23<sup>rd</sup> JULY 2015

- 7.1 The Board **RESOLVED TO** approve the minutes of the confidential meeting held on 23<sup>rd</sup> July 2015 as a correct and accurate record of the meeting.

## 8. MATTERS ARISING

- 8.1 *ICT Strategy Refresher* - Robert Black confirmed that this would be presented to the Board at a future meeting.

## 9. BUDGET MONITORING REPORT

- 9.1 Barbara Matthews presented an update on the financial position of the Company, the subsidiary, and the HRA.

- 9.2 The update for the year to July highlighted the following:

### the Company

- there was a projected surplus of £25k against the forecast of £13k;
- the total income was £26k better than the forecast due to an additional fee agreed with RBKC to cover the cost of the two Neighbourhood Support Officers;
- the total staff costs was £134k over forecast, mainly due to recruitment to management posts and a drive to recruit the full establishment of customer service staff; and
- other costs were £33k below budget due to depreciation.

### the Subsidiary

- projected profit was £4k compared to the forecast of £40k. This is due to the implementation of the change in the management team and processes;
- projected Income was £134k better than forecast budget;
- actual staff costs was £57k above the budget due to the interim management costs required to implement the new staffing structure.

### HRA

- the HRA position was impacted by Agresso because in some areas they were not sure if all payments and costs had been picked up.

- 9.3 Peter Chapman questioned if the problems with Agresso were impacting any of the Company's smaller suppliers and was concerned that this could mean a business could be wound up because of this. Rupa Bhola reassured the Board that there were no Company suppliers with outstanding payments arising from the Agresso issues.

- 9.4 The Board **AGREED TO** note the contents of the report

## 10. ESTATE CLEANING SERVICES' OPTIONS

- 10.1 Sacha Jevans presented a report outlining the options available to the Company in relation to the estate cleaning services for the estates managed by the Company. The Board was reminded that the current 10-year term of estate cleaning services contract was due to terminate in September 2016 and it was important to consider and agree the future of the services post-termination.

- 10.2 Sacha Jevans reminded the Board that it had received a presentation at its away-day in July on some potential options available to the Company. The report outlined that the Company could either in-source the estate cleaning service or procure it for a further 10 years. The report also detailed the advantages and disadvantages of procuring a contract or in-sourcing the services.
- 10.3 It was reiterated that the estate cleaning service is a specialised service and at the present time, the Company did not have the capacity or the experience to in-source the service. However, this could change in the future. As a result, It was suggested that the Company could consider procuring in the short term i.e. for four years with the option to extend for a further term of 2 years, and then in-source the service thereafter. The Board agreed that it was not in the Company's best interest to in-source the estate cleaning services given the current housing sector landscape and the lifecycle of its subsidiary. As a result, the re-procurement of the estate cleaning services contract was the desired option at the current time.
- 10.4 The Board further considered that the current contract with OCS did not include a requirement to pay the London Living Wage (LLW) which had resulted in recent challenges from the employees' union. There was also a Government directive issued that the London Living Wage should be introduced by employers by 2020. The Board discussed their appetite for having subcontractors pay the LLW. It was highlighted that there had been no directive from RBKC on the requirement to pay the London Living Wage.
- 10.5 The Board was informed that the Hammersmith & Fulham Council had already incorporated a requirement to pay the LLW in their procurement rules for any services procured. However, Westminster and RBKC had not done so. It was made clear that a requirement to pay the LLW could mean an increase in service charges to the residents and depending on the size of the increase, it could require Cabinet approval.
- 10.6 It was agreed that a discussion needed to be held with RBKC to decide the way forward and bring to their attention that it would be appropriate to introduce this requirement in the contract for the new procured service.
- 10.7 Brendan Tracey commended the Executive team for presenting a report which showed a positive outcome from the discussions taking place at the Board's away-days.
- 10.8 The Board agreed that it was difficult to make a decision to have a LLW requirement incorporated into the contract to be procured because the financial implications of such a requirement could not be entirely clear at the present time. As a result, it was suggested and agreed that the contract procurement process should require the tenderers to submit tenders highlighting costs for the services with, and without the LLW. It was also suggested and agreed to have the tender issued on a 4 year term with the option for extension.
- 10.9 The Board **RESOLVED TO:**
- (i) agree and approve the procurement of a new Borough-wide cleaning service contract on a 4 year plus 2 year extension; and
  - (ii) agree that tenderers should be invited to submit two tender pricing options

i.e. with, and without the London Living Wage

## **11. SUBSIDIARY BOARD TERMINATION**

- 11.1 Robert Black informed the Board that the Chair of the Subsidiary Board, Paul Woodham, had tendered his resignation from the position because he was unable to commit to being as involved whilst maintaining his fulltime job.
- 11.2 It was agreed that the Board needed to recruit a replacement Chair who was resident in the proximity to the Company and able to be more involved. Robert Black drew the attention of the Board to the proposition to offer a remuneration of up to £6k for the position in order to attract and retain a suitably qualified non-executive director.
- 11.3 Anthony Preiskel asked about the plans for recruitment for the post of Managing Director of the subsidiary. Sacha Jevans clarified that it was intended to commence the recruitment for a permanent Managing Director in the next couple of weeks.
- 11.4 The Board **RESOLVED TO:**
- (i) agree to terminate the appointment of Paul Woodham as Chairman and Director of Kensington and Chelsea TMO Repairs direct Limited with effect from 28 July 2015; and
  - (ii) authorise the Executive Team to seek to recruit and receive nominations for the position of non-executive director on the board of Kensington and Chelsea TMO Repairs Direct Limited with the offer of remuneration of up to £6k for the position.

## **12. COMMITTEES' UPDATE**

- 12.1 The Board **NOTED** the update on the activities of the Operations Committee and the Finance, Audit & Risk Committee as highlighted in their minutes.

## **13. SUBSIDIARY MINUTES**

- 13.1 The Board **NOTED** the update on the activities of the subsidiary board.

**MATTERS ARISING (Confidential Meeting)**

<b>NO.</b>	<b>MEETING DATE</b>	<b>MINUTE NUMBER</b>	<b>ACTION</b>	<b>BY WHOM</b>	<b>BY WHEN</b>	<b>UPDATE</b>
1	23/07/2015	9.1	Present a set of measurable outcomes to Finance, Audit & Risk Committee, in order to monitor the success of the CRM project	BM	15/10/2015	Presented at the 15/10/2015 committee meeting.
2	23/07/2015	9.5	Present a refresher of the ICT Strategy	RB/BM	TBC	Being drafted.
3	10/09/2015	10.9	Procure Cleaning Services contract	SJ	08/09/2016	Update to be provided at the meeting.

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

<b>Open</b>	
<b>For information</b>	
<b>Board Report 26 November 2015</b>	
<b>Report title:</b>	Chief Executive's Report
<b>Authority for decision:</b>	The Board has ultimate responsibility for monitoring the performance of the Company.
<b>Recommendations:</b>	It is recommended that the Board note the contents of the report.
<b>Regulatory/legal requirements:</b>	None.
<b>Business Plan link:</b>	Keeping abreast of performance initiatives within the organisation, and external development affecting social housing.
<b>Equality Impact Assessment/comment:</b>	Equality and diversity issues are taken into consideration.
<b>Resident consultation:</b>	n/a
<b>Resource implications/VFM statement:</b>	Keeping up to date on the latest developments in social housing is important for shaping the business. Improved performance will help the Company to achieve its VFM objectives.
<b>Risk:</b>	Failure to engage with the external housing sector could have an adverse effect on the Company in keeping abreast of developments within the sector. There is also reputational risk if performance fails to improve across the Company.
<b>Appendices:</b>	0
<b>Total number of pages including appendices:</b>	7
<b>Name, position and contact details of author:</b>	Robert Black, Chief Executive Ext [REDACTED]

## **1. CHIEF EXECUTIVE & CHAIR OF THE TMO BOARD'S DIARIES**

I thought it would be useful to share with you a few of the things that I and the Chair have been doing since the last Board meeting.

### Chief Executive

During September, October and November I have been continuing, along with the other members of the Executive Team to attend Team Meetings and meeting individually or in small groups with colleagues. Getting out and about around the borough has confirmed that we have great people working for the TMO. I have really enjoyed the experience.

I have also attended the London & Southern ALMOs Chief Officer Group meeting, a Macmillan Coffee Morning organised by the Fund Raising Group which was well attended and a demonstration on the new CRM system. I met with both Maria Escudero-Barbaza as part of her TMO Board Member training and also Eman Yosry as part of her RD Board Member training.

Along with the Leader of the Council, several Board Members including the Chair, Councillors, colleagues and representatives from Keepmoat I attended the Whistler's Walk Opening. These new homes are the result of the conversion of a redundant children's home on the estate and were developed at a total cost of £743,000 with the project being completed on budget. The homes will be managed by the TMO.

Working with the National federation of ALMO's (NFA) myself and the Chair went to the House of Commons to meet with newly elected Conservative MP's to have a round table meeting about the impact of the changes in housing and the importance of engagement. Building on this we have been asked by the NFA to host a visit of the Conservative candidate for Mayor, Zac Goldsmith and we are currently waiting for a date for this. .

### Chair

The Chair has attended the opening of the bridge at Ladbroke Grove, to celebrate the recent renovation of the large railway bridge. The bridge is just over 100 years old and needed some TLC, it suffered from rusting and flaking paint, graffiti, fly posting and poor lighting. The Council in partnership with Network Rail (the bridge owners) enhanced the bridge, by giving it a deep clean, repainted it, conducted minor repairs and installed new lighting. The Leader of the Council, Councillor Paget- Brown plus the Cabinet Member for Transport – Cllr Coleridge and Cabinet Member for Environment – Cllr Ahern, attended the event, and the bridge was officially launched by the Mayor of Kensington and Chelsea.

The Chair also attended London in Bloom "It's Your Neighbourhood" awards which were held at Pembroke Lodge in Richmond Park, to celebrate and acknowledge the great work community garden clubs have done to improve their local area. Six TMO Estates/Garden clubs won awards, these being Henry Dickens community kitchen garden, Swinbrook community kitchen garden, Southern Row garden club, Treverton community kitchen garden, Whitstable House community kitchen garden,

Clydesdale House. The event was attended by representatives from the different garden clubs

The Chair also had pleasure in chairing this year's very successful Residents Conference and AGM in which over 100 members attended. She was re-elected as Chair of the TMO Board and is looking forward to serving the Board in the coming months.

## **2. RESIDENTS' CONFERENCE & AGM**

We held another successful Residents' Conference on Saturday 26<sup>th</sup> September 2015. The event was attended by over 400 residents and 55 children and was our most successful TMO residents' conference in terms of numbers and diversity of residents attending. Residents participated in a number of Workshops including Q&A sessions with the RBKC Council Leader and the TMO Executive Team.

## **3. BOARD AWAY DAY**

On Friday 6<sup>th</sup> November we held our Board Away Day at Wallacespace St Pancras, Dukes Road, London WC1H 9PN. We concentrated on Housing and the changing environment. Laura Johnson, Director of Housing at RBKC joined us to talk about the impact these changes will have on RBKC and the HRA Business Plan. I updated everyone on where we are following the Fire at Adair Tower and Barbara Matthews presented an update on our Business Plan. After lunch Radojka Miljevic ran a board member only session getting everyone to check in with themselves and see how they are performing as a board member. The day finished with Peter Holbrook, the CEO of Social Enterprise UK talking about the growing market of social enterprise.

## **4. BRIEFINGS FOR COLLEAGUES ON THE PROPOSED HOUSING BILL**

In October the Executive Team and I carried out a series of Executive Briefings in 346 Kensington High Street, Network Hub, Lancaster West and the Blantyre Offices. Colleagues were invited to come along for an hour so that they could learn more about the proposed Housing Bill and the impact of it. All sessions were well attended with over a 100 colleagues in total coming along.

## **5. FURTHER APPOINTMENT**

The Homes & Communities Agency have confirmed my re-appointment as an appointed officer on the management committee at Quadrant-Brownwood Tenant Co-operative Limited. The period of the appointment is from 7<sup>th</sup> November to 31<sup>st</sup> March 2016.

Quadrant-Brownwood Tenant Co-Operative Limited is a non-charitable Industrial and Provident Society whose registered address is at 43-45 Mountgrove Road, London N5 2LX.

## **6. FIRE AT ADAIR TOWER – THANK YOUs**

Following the fire at Adair Tower I would like to pay tribute to all the following people for their fantastic contribution in the successful handling of this major incident. So, to start from the beginning:

- Janice Wray, the duty out-of-hours officer, who set in motion, contact and dialogue with the London Fire Brigade to appraise the situation, liaised with RBKC emergency planning and kept our staff on the ground fully informed. She was then on site to help and advise me. Janice Wray used our housing data on the third floor residents (where the fire broke out) to tell us whom to support from that floor.
- Paul Steadman and Hash Chamchoun were the first colleagues on the scene, working with the police, fire brigade, ward councillors and, of course, the residents.
- Glenn McAllister also went to the scene, helping to co-ordinate support to residents and assessing the building for damage.
- Sacha Jevans set in motion the overall co-ordination of contractors and then was on site to help co-ordinate the re-housing of the residents who could not safely return to their homes.
- Teresa Brown worked on assessing the housing management issues and then organised temporary housing.
- Alex Bosman co-ordinated the fantastic response by contractors to sort out the electricity and lifts, so that the building was safe to occupy again.
- Repairs Direct's Paul Gevaux, Alan Brooks, Peter John-Philip, Jean-Marie Francis and Giannis Konstantinidis have all been involved in the carrying out temporary repairs to the 15 fire damaged doors and arranging for their replacement.
- Finally, the three door knocking teams have comprised of: Kiran Singh, Mandy Warriar, Audrey Giscombe, Louise Nezandonyi, Felicia Karikari, Simon Rabone, Shaney Stevenson, Glenn McAllister, Sakib Ajaib, Michelle Jones, Steve Burgess, Krystall Agyekum, Everine Shand, Marisa Rodrigues, Ronnie Wright, Pat Coughlin, David Ward, Olivia Hutchinson, Reena Visram, Robin Lawrence, Rohima Khatum, Dulce De Oliveira, Ewa Sobczak and Joanne Burke.

## **7. REMEMBRANCE DAY EVENTS**

Pete Griffiths, Head of Communications, represented me at the Remembrance Day events held by the Royal Borough of Kensington and Chelsea. Councillor Judith Blakeman, representing the Chair, laid a wreath from the TMO at the Kensington War Memorial. Pete Griffiths attended the subsequent service at St Mary Abbots and the reception at the Town Hall.

## **8. RBKC MANAGED SERVICES UPDATE**

In April 2015 RBKC went live with the tri borough Managed Services run by BT providing a single finance system for most services across the 3 boroughs of Kensington & Chelsea, Hammersmith & Fulham and Westminster. From day one the system had teething problems and the BT support team and tri borough implementation team were inundated with issues and queries across all services using the new system and all boroughs.

For the TMO the key issue has always been missing/unallocated payments made by our residents both tenants and leaseholders. Regular payments made by standing order and ad hoc individual payments have been affected and the Rent and Homeownership Income teams have had numerous calls from residents complaining that they had made a payment but it was not showing on the rent statement. As at 6<sup>th</sup> November we have been notified of 384 missing payments totalling £96.3k.

Initially all missing transactions were reported to the BT service centre but by July/August as the position was not improving Steve Mellor, Finance Manager, RBKC and Barbara Matthews, proposed a joint meeting with the head of the implementation team Jeremy Beresford at Westminster. The joint group (Steve Mellor and Roberto Cusano from RBKC and Barbara Matthews and Rupa Bhola from the TMO) met with Jeremy in September and again in early November. The meetings have been helpful and the TMO team have been able to put our concerns about the impact of the problems, in particular the missing payments which we know will only be the tip of the iceberg as we are unable to identify missing payments unless advised of them by residents. At the meetings the group were advised that there are a number of problems causing the missing/unallocated or misallocated payments some relating to coding and the way the system decides where each transaction should be coded and some related to the lack of knowledgeable staff at the BT service centre who are not familiar with any of the 3 councils transactions or systems.

Other areas of concern highlighted and discussed were:

- Being unable to enter journals into the system. The TMO manages the HRA on behalf of RBKC and enters all the housing revenue transactions via journal entries on a monthly basis. In the old RBKC finance system large journals (hundreds of lines) were entered on spreadsheets and uploaded to the accounting system. This facility is not available to the TMO on the new system (although it is being worked on) so all journals are entered individually line by line direct to the new system. This very time consuming as each code is validated before any data can be entered. The journals often fail due to the system timeouts during the validation process;
- Getting new users authorised to use the system. This process can take many months as the system is designed for employed staff who are entered as employees via the HR system;
- Batches of data relating to Housing Benefit payments are received from the new system which are uploaded into the TMO housing system to record Housing Benefit payments made to each tenant. The processing of this information runs overnight as automated scheduled tasks. Often the batches do not arrive in time to run overnight and cannot be run during the day as this disrupts normal daily working. In addition batches have been received which are incorrect or incomplete and are therefore rejected;
- Poor response times. Users across the boroughs have been experiencing poor response times and the implementation team are investigating the system infrastructure and borough networks to assess potential capacity issues which may cause the slowness.

The joint group were advised that the 3 boroughs are actively pursuing BT at a high level (BT Global) to get some progress on improving the situation and invoke the contract penalty clauses.

A small amount of progress has been made over the last 2 months and RBKC IT team are supporting the TMO Finance team to identify the resident accounts for the unallocated payments listed on the weekly report provided from the new system.

Nicholas Holgate, RBKC Chief Executive has been running regular meetings with representatives from teams affected by the problems with the new system to understand the issues and to try to resolve the problems. He has agreed to fund the additional costs of trying to make the new system work and the TMO have requested additional Finance resource assistance to follow up on misallocated or unallocated transactions and to ensure the year end process after the end of March runs smoothly.

Further joint group meetings will be arranged to follow up on progress and to ensure TMO issues and concerns are not lost.

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA  
TENANT MANAGEMENT ORGANISATION LIMITED ("TMO")**

<b>Confidential</b>	
<b>For Information</b>	
<b>Board Report 26 November 2015</b>	
<b>Report title:</b>	TMO, RD and HRA Budget Monitoring April – October 2015
<b>Authority for decision:</b>	The Board has overall responsibility of monitoring the outturns against the annual budget.
<b>Recommendations:</b>	It is recommended that the Board note the report.
<b>Regulatory/legal requirements:</b>	The Board have legal responsibility of ensuring the organisation resources are used in accordance with the budget and business plan.
<b>Business Plan link:</b>	Being competitive and increasing our income.
<b>Equality Impact Assessment/comment:</b>	None required.
<b>Resident consultation:</b>	None required.
<b>Resource implications/VFM statement:</b>	This is the subject of the report.
<b>Risk:</b>	
<b>Appendices:</b>	7
<b>Total number of pages including appendices:</b>	15
<b>Name, position and contact details of author:</b>	<b>Rupa Bhola Assistant Director of Finance</b>

## **BUDGET MONITORING 2015/16 - PERIOD 7 – October 2015**

### **1. Purpose of the Report**

The purpose of this report is to update the Board on the financial position of the Company, its subsidiary and the HRA for the 2015/16 financial year.

### **2. Introduction**

The Company budget reported in this paper is based on the 2015/16 annual budget.

The year to date result (shown in Appendix 1) as at the end of October 2015 was a £86k surplus compared to the budget of £16k. The current forecast for the year shows a £37k surplus, £1k above the original budget surplus of £36k set at the start of the year.

### **3. Income**

For the year to October total income was £72k better than budget arising from the additional income agreed with RBKC to cover the cost of the two Neighbourhood Support Officers (£86k for the full year) and additional CAS Supporting People income (£13k for the full year) related to an inflationary increase awarded post budget preparation.

Total forecast income for the year is £14,126k, £154k better than budget.

### **4. Expenditure**

#### **4.1 Staff Costs**

For the year to October, total salary and agency staff costs were £5,574k compared to the budget of £5,556k, a negative variance of £18k. The agency costs are arising from the need to cover vacant posts, maternity and long term sickness. Staff salaries include the additional funded Neighbourhood Support Officers.

Staff related costs to October were £167k compared to the budget of £138k with the overspend being mainly due to additional recruitment costs related to the recruitment of senior posts and a drive to recruit the full establishment of customer service staff.

Total Staff Costs for the year are forecast to be £10,037k, £277k adverse to budget.

## **4.2 Other Costs**

Total Other Costs to October were £2,395k, £46k under budget. This is mainly arising from cost savings to continue through the year.

The forecast for the year for Other Costs is £4,051k, an underspend of £124k compared to the budget. This variance arises from the under spend on depreciation £49k, on accommodation costs £17k arising from the impact of the extended rent free period at Kensington High Street and £20k on legal costs.

## **5. Balance Sheet as at 31<sup>st</sup> October 2015 (Appendix 2)**

**5.1** Current Assets – A decrease of £660k from the yearend balance. This is mainly accounted for by the decrease in cash held at the year end. The high yearend balance arose from the early payments received from RBKC in advance of the introduction of the new tri-borough finance system. The position has since reversed in the year with the Trade Debtors balance increasing by £144k due to the subsequent unpaid RBKC invoices. The Finance team is liaising with RBKC Finance to assist with facilitation of the overdue payments.

**5.2** Cash at bank and in hand – A decrease of £916k from the yearend balance. The yearend cash position was high due to advanced payments on account from RBKC to avoid the risk of delayed payments in 2015/16 caused by the implementation of the new finance system from April 2015.

**5.3** Trade creditors – A decrease of £81k since 31st March 2015. Weekly payment runs ensure the creditors are paid in line with credit terms.

**5.4** Defined benefit pension scheme liability – The value is based on the FRS17 report dated 31st March 2015.

## **6. Kensington & Chelsea TMO Repairs Direct.**

### **6.1 Summary**

Repairs Direct budget reported in this paper is based on the 2015/16 annual budget.

Repairs Direct has a surplus of £ £94k matching to budgeted surplus for the period up to October 2015. This is due to the fact that the accounts have been prepared to reflect the new cost plus model. Also there is additional income that was accrued for last year but was invoiced for in this year.

Staff costs include the costs of the new interim management team and key senior staff. The cash flow is being managed proactively to ensure staff and all our suppliers are paid on time. The cash balance at the end of October 2015 was £123k.

Reduced operational costs are expected from the new management team and structure through efficiency savings. The new structure and processes are aimed at bringing more of the void works in house which will in turn reduce the subcontractors' costs.

Total number of jobs financially completed to date is 12,750 and the forecast includes 22,000 jobs for this financial year.

In the period to October of this financial year, with an average job value of £152 for responsive repairs has remained constant. The number of jobs at physical completion but not yet invoiced at the end of the period was 877 and on WIP (work in progress) was 1,934.

## **6.2. Profit and Loss (Appendix 3)**

The year to date surplus is £94k which is in line with the budget. It is still expected that the full year profit of £160k can be delivered as the efficiencies are brought in the latter part of this financial year.

There is still significant staff turnover and there is a continued need to rely on agency staff and consultants while the new structure is put in place.

## **6.3. Income**

Actual income was £150k ahead of the budget.

The income for responsive repairs was £99k ahead of the revised budget.

The income for voids work was £17k below budget due to reduced number and value of void works completed in the period.

Electrical works income is an additional contract for current year. The forecast for 2015/16 is £200k for the year. The period up to October 2015 has a positive variance of £108k.

Aids and Adaptation works undertaken during the period were in line with budget.

Due to the structure and process changes in Repairs Direct, business focus has been on improving the day to day repairs operation. The consequence of this has been the reduction in major/capital works activity

by £(39K) below the budget. The forecast for the year for capital works has therefore been reduced to £200k from the original budget of £309k. There are 1,934 jobs at Work In Progress at the end of October.

## **6.4 Expenditure**

### **6.4.1 Staff Costs**

Actual Staff costs are £23k below budget.

This was accounted for by the costs of the interim management brought in to implement the new structure and ensure vacant positions are filled by staff with the required skill sets. There continues to be significant staff turnover which is to be expected as part of the change management process.

### **6.4.2 Other Costs**

Other costs are £173k above budget.

Subcontractor's costs are £291k ahead of budget. However some of this adverse variance was off-set by savings in other areas including the reduced spend on materials costs of £127k and £7k reduction on vehicle costs. The reduced spend on material costs reflect the fact that subcontractor's costs include material costs.

## **6.5 Balance Sheet as at 31<sup>st</sup> October 2015 (Appendix 4)**

**6.5.1 Current Assets** – A decrease of £501k from the yearend balance. This is mainly accounted for by the decrease in cash held at the year end. The high yearend balance arose from the early payments received from RBKC in advance of the introduction of the new tri-borough finance system.

**6.5.2 Cash at bank and in hand** – A decrease of £190k from the yearend balance. The current bank balance is £123k. The Company is maintaining a healthy bank balance and RBKC has promptly and regularly paid the invoices raised.

**6.5.3 Trade creditors** – An increase of £156k since 31st March 2015. Weekly payment runs ensure the creditors are paid in line with credit terms, the balance represents the amount that was not yet due for payment within the 30 days credit terms from suppliers.

**6.5.4 Accruals and Deferred Income** – £156k. This includes WIP accruals and TMO Post inspections credit.

## **7. HRA Managed Budgets (Revenue) (Appendix 5)**

The original budget for 2015/16 is a net income of £37,931k, split between budgeted expenditure of £21,148k and budgeted income of £59,079k. The overall forecast is a net income of £39,012k, a £1,081k positive variance.

### **7.1 Total Income**

#### **7.1.1 Income has fallen £512k in total.**

This is mainly due to Heating and Hot Water charges being forecast down by £(455k). This is due to a reduction of roughly 20% in Electricity and Gas costs. £179k is relating to reduced recharge from tenants in the current financial year as the recharge period crosses over two financial years i.e. November 2015 to November 2016. A £276k reduction relates to the leaseholder recharge as the budget for 15/16 was based on estimates assuming heating costs would increase and the final accounts for 14/15 have resulted in credits applied to a number of leaseholders.

There is also a reduction in Leaseholder Service Charges which is related to the Major Works, with the variance being due to a contractor going into liquidation before work could commence and therefore refunds taking place for a number of home owners, resulting in a variance of £(87k).

There is a reduction in the Rent Income from Garage leases which total £(68k). This is due to a delay in the completion of leases at Holmefield House and a withdrawal by a lessee at Acklam Road. These are now not expected to gain any income in 2015/16.

### **7.2 Total Expenditure**

#### **7.2.1 Planned Maintenance has an underspend of £1,257k. This is mainly due to a change in providers for some of the major contracted works and is detailed below:**

- Estate Lighting – Savings of £100k made due to the implementation of an interim contract which was let to focus on the core services, resulting in a lower level of expenditure as identified in the 2014/15 financial year.

- Individual Heating – Ongoing procurement savings have been achieved by the new gas contractor, reflected with the £70k saving for the current financial year.
  - District Heating - Ongoing procurement savings have been achieved by the new heating contractor, reflected with the £70k saving.
  - Central Programmed Heating work – Full asset survey by new communal heating contractor has resulted in an annual revenue program with lower value £97k.
  - External Decorations – £1m underspend in the current financial year as a result of slippage. On site operations have halted due to the awarded contractor going into liquidation in July 2015. This has impacted the delivery of the programme of works scheduled for 2015/16. The new contractor will continue with the programme once finalised, however it is expected that a large proportion of the work will be delayed into the next financial year therefore a request to delay £1m of works from 2015/16 into 2016/17 is being made.
  - Horticulture Improvements – An extra £50k of expenditure has been forecast. This is due to the watering need of planting carried out in areas without water irrigation systems and also because of a dry summer.
  - Arboriculture Maintenance – An extra £30k of expenditure forecast due to increased surveying cost of trees around the borough. This is a health and safety requirement and must be carried out within the specified period.
- 7.2.2** Planned Responsive Repairs-Aids and Adaptations – Savings of £25k achieved. Some of the works identified are of a capital nature and therefore will be included in the capital programme.
- 7.2.3** Provision for Bad and Doubtful debts – The forecast has been reduced by £77k to reflect the steady level of overall debt and thus no additional provision required in the first half of 2015/16.
- 7.2.4** Electricity, Heating & Hot Water - Expenditure on energy is predicted to be £307,000 less than was assumed in the budget reflecting both lower usage and lower prices.

## **8. HRA Managed Budgets (Capital) (Appendix 6)**

### **8.1 Capital Programme**

The approved budget for 2015/16 is £14 million, with the current forecast for the year projecting to be the same.

Actual spend to October, presented as £2,687k. This reflects that most of the spend is expected in the last quarter of the current financial year as the framework for procurement has just recently been approved.

### **8.2 Regeneration and Hidden Homes**

The total project budgeted and current forecast expenditure for the schemes listed is £11,184k. Actual total project expenditure to October was £7,930k.

## **9 HRA Debt**

**9.1 Tenant Debt** – There is an increase in the tenant debt balance by £622k. The increase is due to the change in the RBKC finance system for the new financial year which has resulted in a significant amount of missing/unallocated payments. This is currently being investigated by RBKC and their service supplier BT.

**9.2 Leaseholder Service Charges and Major Works** – The overall debt has decreased by £84k (Service Charges a reduction of £417k, Major Works an increase of £334k). The most recent quarterly charges were applied on the 25 September, whereby the debt levels go up while the collection takes place over the next full quarter.

## **10. Recommendation**

The TMO Board is asked to note the contents of this report.

**Rupa Bhola**  
**Assistant Director of Finance**

# KENSINGTON & CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED

Appendix 1

## Income and Expenditure Report for the month ended 31st October 2015

All figures in £000s	TOTAL YEAR				YEAR TO DATE			
DESCRIPTION	Budget (2015-16) £k	Forecast (Current Month) £k	Variance £k	% Variance	Budget 2015/16 £k	Actual £k	Variance from Budget £k	% Variance
	A	C	D (C-A)	E(D/A)	I	J	K(J-I)	E(D/A)
Managment Fees	10,703	10,790	86	1%	6,244	6,288	45	1%
Capital Programme Fee	841	841	0	0%	491	491	0	0%
CAS Income	486	505	19	4%	284	296	13	5%
Legal Costs Recovered	270	260	(10)	-4%	158	131	(26)	-17%
Other Income	1,191	1,260	69	6%	695	736	41	6%
Digital TV Income	480	470	(10)	-2%	280	280	(0)	-0%
TOTAL INCOME	13,971	14,126	154	1%	8,150	8,222	72	1%
Staff Salaries	(9,524)	(8,715)	809	8%	(5,556)	(4,696)	859	15%
Agency costs	0	(1,041)	(1,041)	-100%	0	(878)	(878)	-100%
Staff Related Costs	(236)	(282)	(45)	-19%	(138)	(167)	(30)	-21%
TOTAL PEOPLE COSTS	(9,760)	(10,037)	(277)	-3%	(5,693)	(5,741)	(48)	-1%
Accommodation	(819)	(802)	17	2%	(477)	(472)	6	1%
CAS Service Costs	(86)	(86)	0	0%	(50)	(53)	(3)	-7%
Communication & Publication	(144)	(144)	(0)	-0%	(89)	(96)	(7)	-8%
Consultants	(145)	(130)	15	10%	(85)	(85)	(0)	-0%
Depreciation	(390)	(341)	49	13%	(228)	(180)	48	21%
Digital TV	(480)	(470)	10	2%	(280)	(280)	0	0%
Facilities Costs	(156)	(156)	(0)	-0%	(91)	(97)	(6)	-7%
ICT Service Costs	(607)	(594)	13	2%	(354)	(350)	5	1%
Legal Costs (Non SLA)	(355)	(335)	20	6%	(207)	(206)	1	0%
Legal Costs (SLA)	(270)	(270)	0	0%	(158)	(141)	17	10%
Service Delivery	(427)	(427)	0	0%	(249)	(267)	(18)	-7%
SLA Costs (excluding Legal)	(298)	(298)	0	0%	(174)	(168)	6	3%
TOTAL OTHER COSTS	(4,175)	(4,051)	124	3%	(2,441)	(2,395)	46	2%
Surplus/(Deficit) before Tax ex Lanc West	36	37	1	3%	16	86	70	443%

# KENSINGTON & CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED

Appendix 2

## BALANCE SHEET as at 31st October 2015

	As at 31st Oct 2015 £k	As at 31st March 2015 £k	Movement £k
<b>BALANCE SHEET</b>			
<b>FIXED ASSETS</b>			
Tangible assets	913	1,040	(127)
<b>CURRENT ASSETS:</b>			
Trade debtors	189	45	144
Other debtors	63	297	(233)
Prepayments and accrued income	672	375	297
Investment In Repairs Direct	705	658	48
Cash at bank and in hand	1,436	2,352	(916)
	<u>3,066</u>	<u>3,727</u>	<u>(660)</u>
<b>LIABILITIES:</b>			
Trade creditors	52	133	(81)
Corporation tax	57	57	0
Other taxes and social security	475	649	(174)
Other creditors	20	19	1
Accruals and deferred income	1,079	1,698	(620)
	<u>1,683</u>	<u>2,557</u>	<u>(873)</u>
<b>NET CURRENT ASSETS</b>	1,384	1,170	213
<b>NET ASSETS</b>	2,296	2,210	86
Defined benefit pension scheme liability	(9,370)	(9,370)	-
<b>TOTAL NET LIABILITIES</b>	<u>(7,074)</u>	<u>(7,160)</u>	<u>86</u>
<b>CAPITAL AND RESERVES:</b>			
Reserves brought forward	2,210	2,210	-
Surplus/(deficit) for the year	86		86
	<u>2,296</u>	<u>2,210</u>	<u>86</u>
Defined benefit pension scheme liability	(9,370)	(9,370)	-
<b>Members' funds</b>	<u>(7,074)</u>	<u>(7,160)</u>	<u>86</u>

**KCTMO REPAIRS DIRECT LIMITED**  
**PROFIT AND LOSS STATEMENT FOR THE PERIOD ENDED 31st OCTOBER 2015**

Amounts in £'000s	TOTAL YEAR				YEAR TO DATE			
DESCRIPTION	Budget 2015-				Variance from Budget			
	16 £k	Forecast £k	Variance £k	% Variance	Budget 2015- 16 £k	Actual £k	£k	% Variance
	A	C	D (C-A)	E(D/A)	I	J	K(J-I)	E(K/I)
DTD Income	3,708	3,896	187	5%	2,163	2,262	99	5%
Capital Income	309	200	(109)	-35%	180	141	(39)	-22%
Voids Income	1,030	1,000	(30)	-3%	601	583	(17)	-3%
Electrical Works	0	200	200	100%	0	108	108	100%
Aid & Adaptations Income	171	170	(1)	-1%	100	99	(1)	-1%
<b>TOTAL INCOME</b>	<b>5,218</b>	<b>5,466</b>	<b>247</b>	<b>5%</b>	<b>3,044</b>	<b>3,194</b>	<b>150</b>	<b>5%</b>
Staff Salaries	(1,404)	(1,071)	333	24%	(819)	(634)	185	23%
Agency costs	(234)	(633)	(399)	-100%	(137)	(303)	(166)	-122%
Staff Related Costs	(43)	(43)	0	0%	(25)	(20)	5	20%
<b>TOTAL PEOPLE COSTS</b>	<b>(1,681)</b>	<b>(1,747)</b>	<b>(66)</b>	<b>-4%</b>	<b>(981)</b>	<b>(957)</b>	<b>23</b>	<b>2%</b>
Accommodation	(20)	(20)	0	1%	(12)	(12)	(0)	-0%
Communication & Publication	(3)	(3)	0	0%	(2)	(3)	(1)	-71%
Consultants	(20)	(40)	(20)	-100%	(12)	(47)	(36)	-302%
Depreciation	(80)	(77)	3	4%	(47)	(45)	2	4%
Corporate Insurance	(9)	(9)	0	0%	(5)	(8)	(3)	-63%
ICT Service Costs	(98)	(72)	25	26%	(57)	(55)	2	3%
Legal Costs (Non SLA)	(14)	(14)	(0)	-0%	(8)	(1)	8	94%
Service Delivery	(45)	(25)	20	45%	(26)	(14)	12	46%
Salary Recharges from TMO	(407)	(407)	0	0%	(237)	(237)	0	0%
Subcontractor Costs	(1,859)	(2,121)	(262)	-14%	(1,084)	(1,375)	(291)	-27%
Materials Costs	(582)	(552)	30	5%	(339)	(212)	127	37%
Vehicles Costs	(240)	(216)	23	10%	(140)	(133)	7	5%
<b>TOTAL OTHER COSTS</b>	<b>(3,376)</b>	<b>(3,558)</b>	<b>(180)</b>	<b>-5%</b>	<b>(1,970)</b>	<b>(2,143)</b>	<b>(173)</b>	<b>-9%</b>
<b>Surplus/(Deficit) before Tax</b>	<b>161</b>	<b>161</b>	<b>(0)</b>	<b>-0%</b>	<b>94</b>	<b>94</b>	<b>0</b>	<b>0%</b>

**KCTMO REPAIRS DIRECT LIMITED**  
**BALANCE SHEET as at 31st OCTOBER 2015**

Description	As at 31st Aug 2015 £k	As at 31st Mar 2015 £k	Movement £k
<b>FIXED ASSETS</b>			
Tangible assets	212	257	(45)
<b>CURRENT ASSETS</b>			
Trade debtors	304	157	147
Other debtors	0	0	0
Prepayments and accrued income	285	743	(457)
Stock	7	7	0
Cash at bank and in hand	123	313	(190)
	719	1,220	(501)
<b>LIABILITIES</b>			
Trade creditors	182	26	156
Other taxes and social security	119	289	(170)
Corporation Tax	17	17	0
Other creditors	0	0	0
Accruals and deferred income	20	645	(625)
	338	977	(639)
<b>NET CURRENT ASSETS</b>	381	243	138
<b>NET ASSETS</b>	594	500	93
<b>Loan from KCTMO</b>	624	626	(2)
<b>TOTAL NET LIABILITIES</b>	(32)	(126)	95
<b>CAPITAL AND RESERVES</b>			
Reserves brought forward	(126)	(126)	(0)
Surplus / (deficit) for the year	94	-	94
	(32)	(126)	94

# KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED

HRA - EXPENDITURE MONITORING REPORT  
FOR THE PERIOD ENDING 31st October 2015

Appendix 5

Amounts in £000's	TOTAL YEAR				YEAR TO DATE			
HRA MANAGED BUDGETS	Budget 2015/16 (Original) £k	Forecast (Current Month) £k	Variance From Budget £k	% Variance	Budget 2015/16 (Original) £k	Actual £k	Variance From Budget £k	% Variance
	A	B	E (B-A)	F (C/B)	A	C	E (B-A)	F (C/B)
Dwelling Rents	43,936	43,936	0	0%	25,629	21,696	(3,933)	-15%
Tenant Service Charges	4,335	4,335	0	0%	2,529	1,881	(648)	-26%
Leaseholder Service Charges	4,420	4,333	-87	2%	2,578	2,262	(317)	-12%
Heating & Hot Water Charges	2,312	1,857	-455	20%	1,349	998	(350)	-26%
Commercial Properties Rent Income	3,258	3,258	0	0%	1,901	1,046	(854)	-45%
Garage Rent Income	758	758	0	0%	442	418	(24)	-5%
Other Charges for Services & Facilities	34	64	30	-88%	20	25	5	26%
Supporting People Contract Income	26	26	0	0%	15	13	(2)	-15%
<b>Total Income</b>	<b>59,079</b>	<b>58,567</b>	<b>-512</b>	<b>-1%</b>	<b>34,463</b>	<b>28,340</b>	<b>(6,123)</b>	<b>-18%</b>
Rents, Rates, Taxes & Other Charges	(192)	(192)	0	0%	(112)	(47)	65	58%
Planned Maintenance	(6,279)	(5,022)	1,257	20%	(3,663)	(1,184)	2,479	68%
Responsive Maintenance	(5,905)	(5,905)	0	0%	(3,445)	(2,762)	683	20%
Planned Responsive Repairs	(150)	(125)	25	17%	(88)	(23)	64	74%
Electricity, Heating & Hot Water	(3,663)	(3,356)	307	8%	(2,137)	1,529	3,665	172%
Provision for Bad and Doubtful Debts	(500)	(423)	77	15%	(292)	0	292	100%
Legal Costs	(218)	(218)	0	0%	(127)	0	127	100%
Contract Cleaning	(2,303)	(2,303)	0	0%	(1,343)	(1,191)	152	11%
Pest Control	(244)	(244)	0	0%	(142)	(83)	59	41%
Refuse Collection	(157)	(157)	0	0%	(92)	(3)	88	97%
General Management	(638)	(726)	-88	-14%	(372)	(498)	(126)	-34%
Supporting People Expenditure	(220)	(220)	0	0%	(128)	(74)	54	42%
Digital TV Costs	(480)	(465)	15	3%	(280)	(362)	(82)	-29%
Area Revenue Works	(199)	(199)	0	0%	(116)	(299)	(183)	-158%
<b>Total Expenditure</b>	<b>(21,148)</b>	<b>(19,555)</b>	<b>1,593</b>	<b>8%</b>	<b>(12,336)</b>	<b>(4,998)</b>	<b>7,338</b>	<b>59%</b>
<b>Transfer To/From Reserves (HRA)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>Net Income/(Expenditure)</b>	<b>37,931</b>	<b>39,012</b>	<b>1,081</b>	<b>3%</b>	<b>22,126</b>	<b>23,342</b>	<b>1,215</b>	<b>5%</b>

**KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED**  
**HRA - CAPITAL PROGRAMME MONITORING**  
**FOR PERIOD ENDED 31st OCTOBER 2015**

**APPENDIX 6**

Amounts in '000s		TOTAL YEAR		YEAR TO DATE
PROJECT NAME	Budget 2015-16 £	Forecast (Current Month) £	Actual £	
External Decorations South (Keepmoat)	4,800,000	4,800,000		
External Decorations North (Wates)	6,700,000	6,700,000		
Lowerwood Court	100,000	100,000	158,189	
Door Entry Systems	100,000	125,000	8,250	
Communal Electrics	150,000	150,000	136,377	
Domestic Electrics	200,000	200,000	71,810	
Individual Boiler Replacement	50,000	50,000	34,850	
Trellick Tower - phase 3a - Emergency Lightning	5,000	-		
Trellick Tower - phase 6 - Services	20,000	20,000	20,692	
Trellick Tower - phase 7 - External Fabric	20,000	10,000	7,338	
Environmental improvements	422,000	422,000	421,211	
Kitchen and bathroom replacement programme 2014-15	30,000	30,000	879,692	
Ad hoc kitchens and bathrooms	35,000	35,000	27,100	
18 Pembridge Square - Structural	58,000	58,000	4,245	
Lancaster West - Garage Door	50,000	50,000	- 2,012	
Capitalised External Programme 13/14 (North)	-	100,000		
Aids and Adaptations	500,000	500,000	439,659	
Capitalised Repairs	150,000	150,000	9,156	
Capitalised voids	350,000	250,000		
Commercial Properties	100,000	100,000		
Professional Fees	100,000	100,000	208,406	
Salary costs to be allocated	-	-	350,417	
Fire Risk Assessments	50,000	50,000		
Capitalised External Programme 13/14 (South)	5,000	-		
Verity Close - Windows	5,000	-	- 1,997	
Other prior year projects	-	-	- 86,563	
<b>GRAND TOTAL</b>	<b>14,000,000</b>	<b>14,000,000</b>	<b>2,686,820</b>	

Amounts in '000s		TOTAL PROJECT	
REGENERATION AND HIDDEN HOMES	TOTAL PROJECT BUDGET £	TOTAL PROJECT FORECAST £	TOTAL PROJECT TO DATE £
Regeneration - Grenfell Tower	10,300,000	10,300,000	7,409,832
Hidden Homes - Whistler Walk	743,000	743,000	518,824
Hidden Homes - Homefield House	50,000	50,000	1,560
Conversion - 91 Tavistock Crescent	91,000	91,000	-
<b>TOTAL</b>	<b>11,184,000</b>	<b>11,184,000</b>	<b>7,930,216</b>

**KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED**  
**HRA DEBT POSITION**

APPENDIX 7

	Description		Last 3 Years			CURRENT YEAR	
			End March	End Mar	End Mar	End Sept	End Oct
			2013	2014	2015	2015	2015
			£	£	£	£	£
	Tenant		1,131,681	1,641,700	1,130,088	1,900,888	1,752,518
	Leasehold - Service Charges		1,279,928	1,344,666	1,397,316	763,343	979,897
	Leasehold - Major Works		1,599,319	1,478,768	986,688	1,364,332	1,320,210
	Total Debt		4,010,928	4,465,134	3,514,091	4,028,563	4,052,625

**Current Payment Plans At 31st October 2015**

Leasehold - Service Charges	306,020
Leasehold - Major Works	411,993
Total	<u>£718,013</u>

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

<b>Confidential</b>	
<b>For Decision</b>	
<b>Board Report 26 November 2015</b>	
<b>Report title:</b>	Corporate Risk Map 2015 – 2016
<b>Authority for decision:</b>	The Board of Directors has the overall responsibility to monitor the scope and effectiveness of the internal controls and systems established to identify and assess all material risks to the company.
<b>Recommendations:</b>	<p>It is recommended that the Board pass the following resolution:</p> <p>“The Board <b>RESOLVED TO</b> adopt the Corporate Risk Map proposed to it by the Finance, Audit and Risk Committee.”</p>
<b>Regulatory/legal requirements:</b>	A corporate risk map is an internal audit requirement.
<b>Business Plan link:</b>	All parts of the Business Plan apply.
<b>Equality Impact Assessment/comment:</b>	No adverse effect to any group.
<b>Resource implications/VFM statement:</b>	Existing resources.
<b>Risk:</b>	The lack of a corporate risk map would result in a substantive lack of monitoring of the risks of the Company and would be considered to be a lack of effective controls and risk management in the Company.
<b>Appendices:</b>	1
<b>Total number of pages including appendices:</b>	3
<b>Name, position and contact details of author:</b>	Janet Seward Policy & Improvement Manager, Ext: <span style="background-color: black; color: black;">[REDACTED]</span>

## **CORPORATE RISK MAP 2015 – 2016**

### **1. PURPOSE**

- 1.1 The purpose of this report is to present the Corporate Risk Map for 2015/16.

### **2. INTRODUCTION AND BACKGROUND**

- 2.1. This draft Corporate Risk Map was considered by the Finance & Audit Committee on 15 October 2015 and has been referred by that committee to the Board for adoption.
- 2.2. The risk map outlines items that the management consider to be the corporate risks applicable for the coming year. Each current risk was looked at in terms of the Business Plan's strategic priorities:
- Customers;
  - People;
  - Investment;
  - Value for money strategy; and
  - Growth.

### **3. RISKS**

- 3.1. There are eight corporate risks. They are all strategic risks or risks associated with our legal obligations with the exception of risk 8 regarding Agresso which is an operational risk and has been accelerated to a corporate risk because of the far reaching implications of the system's poor implementation.

### **4. RECOMMENDATION**

- 4.1. The Board is requested to consider this report and pass the resolution recommended on the first page of this report.

Risk	Strategic Theme	Risk Identified & Explanation	Probability	Impact	Risk Rating	Existing Control Measures (mitigation or elimination)	Confidence in controls	Residual Risk	Prosa Utility	Impact Rating	Owner	Action
1	Failure to comply with estate & regulation: data protection, equality, health & safety, financial & external controls safeguarding bribery & fraud.	Poor organisational Governance leads to failings in the areas of: - substantial or sustained breach of statutory or regulatory obligations - poor management of risk, inadequate oversight, loss of contractor challenge with financial penalties, risk of undue recovery of landlord service charges - legal challenges can result from poor financial controls and poor safeguarding issues - reputational damage can arise from mismanagement of any of those issues.	2	4	8	Full-time Company Secretary managing governance Good governance arrangements including standing orders and financial regulations Contractual Relationships and Standing Orders define authority levels and ensure financial probity. Robust internal audit programme Regular internal audit programme.	High	Conduct Regulators need review Scheme of Delegation required Not keeping up-to-date with legislation and advice Not reviewing policies and procedures Poor communication between relevant departments of information legislation, policies and procedures.	1	4	4	Treat with CE -review of Contract Regulations and -regular review of policies and procedures -regular training on data protection and freedom of information legislation, policies and procedures
2	Failure to deliver MMC obligations: gas repair, electrical compliance capital programme income collection.	Failure to meet agreed service standards could result in increased pressure on responsive repairs budget and contractor threat to viability.	2	4	8	Know our targets Strong partnership with RBKC Monitor performance with RBKC Measure performance with RBKC Aim to improve performance.	High	Poor performance management.	1	4	4	Treat by ensuring good performance CE management..
3	Failure to obtain the capital programme funding to address the assets needs.	No clear funding strategy beyond 2017/2018. Council has potentially authorised £25m pa over the next four years (2019/2020-21) but pricing at new £4,000 per unit makes depending on changes in government policy in the housing sector, it may not be sufficient to cover the costs of the services. This could lead to reputational damage from the resultant lost publicity as housing would not be well-maintained and pressure on the day-to-day repairable budget.	3	4	12	TMO know and plan the services we will require and. Strong working relationship with RBKC - give regular up-dates - liaise on a regular basis through different forums - formal and informal of funding requirements.	High	Funding not available	2	4	8	DPS Treatments with confidence in strong control and partnership working with RBKC
4	Failure of Repairs Direct (RD) to be viable.	Failure of RD to provide a quality service.	3	3	9	Strong RD Board RD Business Planed accounts regularly monitored by staff and RD Board. RD Board have stress-tested the business plan Recruitment of staff and contractors to meet demand and recognise that RD is a commercial contractor requiring commercial expertise that is being put into place.	Medium	Repairs Direct may not deliver its objectives in light of current turn plans and staff.	2	3	6	CE Treat with robust management at Executive level and RD Board level.
5	Failure to recruit and retain the staff who buy into TMO values.	Failure to recruit staff whose behaviour represents our values	2	3	6	Recruitment packages being developed by Head of HR GOZ.	Medium	Untrained managers involved in recruiting	1	3	3	D&P Treatments with confidence of the developers of a People Strategy in 2013 H and Best Companies One to Watch 2013.
6	Failure of health and safety in relation to the services that we contract in the delivery of work.	Serious injury or death of a resident, staff member, contractor, customer or member of the public. Potential prosecution by Health & Safety Executive.	2	4	8	Health & Safety committee meetings every 2 months with all relevant parties including RBKC, Fire, Accessible PFA and associated sectors, water quality and asbestos reviews are monitored, safeguarding actions are implemented and audited. Internal audit also monitored and reported.	Medium	Actions arising out of assessments and inspections not done in a timely manner.	1	3	3	DPS Treatments with confidence based on guidance and training in L1 & SSM where new staff come to view high level assessment of their performance.

7	Failure to retain or grow voting membership.	grow our scale and scope	Membership drops away and new members are not recruited.	3	2	6	Membership campaign launched and all staff will join recruitment drive. Outreach work regularly carried out with road shows and estate days and through day to day tenant engagement.	Medium	Membership levels still do not rise.	2	2	4	CE	Tolerate with confidence in membership campaign.
8	Poor implementation of Agresso by RBKC.	operational requirements	TMO cannot provide financial services to customers, partners, residents or payments to HRA suppliers. TMO cannot produce financial information to RBKC accounts for HRA.	4	2	6	Implementing controls: - liaising with RBKC and reporting findings as appropriate.	Low	The situation lasts for longer than anticipated and customers get more dissatisfied. This results in stopping rent payments and complaints about poor service. We may fail HMA objectives.	3	2	6	DFS	Treat with close liaison with RBKC to ensure that they are aware of the issues.

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA  
TENANT MANAGEMENT ORGANISATION LIMITED (the “Company”)**

<b>Confidential</b>	
<b>For Information</b>	
<b>Board Report 26 November 2015</b>	
<b>Report title:</b>	Business Plan 2014-2017 Delivery Plans Up-date
<b>Authority for decision:</b>	The Board has the responsibility setting the strategic direction of the Company and approving its Business Plan.
<b>Recommendations:</b>	It is recommended that the Board consider the contents of the report for its information.
<b>Regulatory/legal requirements:</b>	The Board owe a duty to promote the success of the Company.
<b>Business Plan link:</b>	This paper provides an update on the delivery plans for the 2014-2017 Business Plan approved by the Board.
<b>Equality Impact Assessment/comment:</b>	There are no equality implications.
<b>Resource implications/VFM statement:</b>	This is within existing resources.
<b>Risk:</b>	If the delivery plans are not monitored, the Company may not achieve its strategic objectives which may limit or inhibit its future success.
<b>Appendices:</b>	1
<b>Total number of pages including appendices:</b>	23
<b>Name, position and contact details of author:</b>	Janet Seward Policy & Improvement Manager, Ext [REDACTED]

## Business Plan 2014-2017 Delivery Plans Update

### Purpose

The Business Plan's Delivery Plans set out the strategic objective to achieve the Business Plan objectives.

## 1 Introduction

1.1 The current Business Plan 2014 – 2017 was agreed by the Board on 24<sup>th</sup> July 2014. The Business Plan's Mission – Delivering excellent services through resident led management – is underpinned by five strategic priorities which need to be achieved to deliver the mission:

- Customers at the heart
- Fantastic people work here
- Invest to make great homes and communities
- Deliver excellent good value services
- Grow our scale and scope.

1.2 The Business Plan identifies the five strategies to be developed to ensure that the mission is delivered. They were agreed by the Board on 21<sup>st</sup> May 2015 and are:

- Customer Strategy
- People Strategy
- Investment Strategy
- Value for Money Strategy
- Growth Strategy

1.3 Each strategy has a delivery plan with actions and milestones for the three years of the Business Plan.

## 2 The Up-date

2.1 **Customer Service Strategy** – The strategy is aimed at delivering excellent services to our customers. This means that staff will take ownership of a customer's enquiry ensuring that they are responded to courteously, effectively and efficiently in a way that meets the customer's needs. The delivery plan sets-out objectives to achieve this:

### i. Ensuring that service delivery is excellent

The TMO needs to know its customers, who they are and what they need. To this end, the TMO is on target with regard to the completion of a tenancy audit confirming that the right tenant is living in the property. In addition, the TMO is about to start a tenant profiling exercise to obtain further information on tenants' circumstances so that they can be signposted to various services for example, with regard to budgeting or assistance with disabilities. Two neighbourhood tenancy support officers have been recruited to provide practical assistance in these areas.

The TMO wants to hear more about what customers think of its services and to this end, a consumer panel has been recruited, and when set up, will undertake mystery shopping as well as developing a programme of customer satisfaction surveys.

The implementation of the Customer First CRM system (Customer Relationship Management), scheduled to 'go live' in April 2016 will enable up-to-date information obtained during the tenancy audits and profiling exercise to be used to create a customer focused culture.

These improvements are being underpinned by:

- training and developing staff
- reviewing consultation and communication methods
- monitoring key service performance indicators.

**ii. Providing a variety of access methods to suit customers needs**

All the TMO's reception areas are now up-dated and fit-for-purpose. Other methods of communication are being considered and reviewed such as self-service reporting repairs and greater use of texting.

**iii. Using technology to deliver joined up services**

The biggest project this year is the implementation of the Customer First CRM system which will be the central log for all general enquiries with workflows to relevant individuals. This system is scheduled to 'go live' from April 2016. A consultant has been recruited to lead this exercise.

**2.2 People Strategy** – The strategy is aimed at ensuring that the right people with the right behaviours, attitudes and skills are employed at the TMO to ensure successful service delivery now and in the future. The delivery plan sets-out objectives to achieve this:

**i. Developing our culture**

Learning circles are being set-up so that staff can exchange ideas. One has been set-up for the implementation of the new cleaning contract and others will follow.

New initiatives and concepts are rolled out with TMO-wide presentations and discussion, usually led by a member of ET. The Business Plan and the Values were introduced in this way.

A leadership programme is being developed to ensure that future managers have the right values and attitude to give the best service to customers.

**ii. Developing our Customer Focus**

Training and guidance on customer focus is being developed.

**iii. Increasing employee engagement**

The Best Companies survey has recently been completed with an 81% return rate.

The TMO is focusing on ensuring that employees are fully engaged through the staff conference and that they have access to the Executive Team. These events will be underpinned with sound 121 and performance development processes.

**iv. Developing our employer brand and becoming an employer of choice**

The TMO will be reviewing this objective in Quarter 4 to include clarifying the benefits package, and considering apprenticeships and graduate programmes.

**v. Internal communications**

The staff survey, recently carried out is currently being reviewed.

**2.3 Community Investment Delivery Plan** – The strategy sets out the TMO's approach to community investment which aims to add value to communities by supporting residents to deliver the changes they want to see in their neighbourhoods. The delivery plan sets-out objectives to achieve this:

**i. Employment, skills and training**

The TMO's 'Get Wise' road shows give advice and advertise job vacancies. The TMO is working with Repairs Direct and its framework contractors, Keepmoat and Wates, to provide job opportunities. In addition, the TMO is developing a bank of local people to be called for Customer Service Centre Support.

Staff donate new or nearly new work clothes on an annual basis to the SmartWork initiative to give applicants clothes for interviews.

RBKC has acknowledged the TMO's work in this area by maintaining their Pathways to Work Gold Standard.

**ii. Financial and social inclusion**

Universal Credit started in the borough from 9<sup>th</sup> November with regard to new applicants who are single people on Job Seeker's allowance. It will be rolled out to other new applicants and then existing claims will be converted. It is expected that it will take until 2020 for the change-over to be complete. The welfare officers have regular meetings with RBKC to monitor the situation.

The Credit Union continues to help residents and is housed in the TMO's offices.

The TMO's youth project now covers the TMO's properties in the north and the south of the borough. The 'Get Wise' roadshows offer advice on employment, health, nutrition and other life choices.

For the second year, the TMO has chosen a charity for voluntary fundraising.

### **iii. Environment and community improvements**

The Community Centre Review is near to completion. The new management agreements have been agreed by the Operations Committee and six centres are due to be renovated this financial year. The Treverton Estate Club Room has been decorated and was recently reopened.

This year's HRP bids have been agreed, consulted upon and are being tendered.

TMO staff have helped and advised with the setting-up of seven RAs and compacts.

**2.4 Growth Strategy Delivery Plan** – The strategy sets out how the TMO intends to grow the business across the full range of services to generate revenue and capital that adds value and quality to current customer services, and produces additional income which could be reinvested to further enhance services. The delivery plan sets-out objectives to achieve this:

#### **i. Regeneration and development with RBKC**

The TMO has undertaken a large and prestigious project at Grenfell House as well as developing more hidden homes. The further development of the TMO's capital programme is being done in consultation and partnership with RBKC.

#### **ii. Review current services**

Contracts will be reviewed as they as they come up for renewal.

#### **iii. Asset investment**

A planned 5 year capital programme has been developed and has been published on the TMO's website. Work has commenced on internal refurbishment and external works are planned to commence in Q4 of 2015-16. Options for capital investment for 2017/18 and beyond are being considered in the context of potential funding changes.

#### **iv. Developing new services**

Leaseholders have indicated that they are interested in using Repairs Direct (RD) for repairs. This is a long-term initiative which will be on hold while RD focus on their core business.

- v. **Expanding membership services**  
The Budget Strategy has been reviewed while the setting the 2016/17 budget. The TMO continue to increase the membership as a corporate initiative.
  - vi. **Opportunistic Growth**  
The Resident Engagement Team are currently negotiating opportunities to deliver additional resident engagement services in the north and the south of the borough.
- 2.5 **Value for Money Strategy** – The strategy sets out how the TMO intends to grow the business across the full range of services to generate revenue and capital that adds value and quality to current customer services, and produces additional income which could be reinvested to further enhance services. The delivery plan sets-out objectives to achieve this:
- i. **Understanding costs and comparing with others**  
The Board resolved to agree the use of retained reserves in July. The budget for 2016-17 is currently being set.
  - ii. **Achieve VFM through effective procurement**  
The TMO will be using the framework for all works but is taking a measured risk management approach by starting its programme with internal works.
  - iii. **Efficiency in service delivery**  
CRM is anticipated to be delivered by April 2016.
  - iv. **Promote and embed VFM culture**  
ET/SMT discussions will take place in Q4 regarding the implementation of VFM initiatives.

Appendix 1 indicates the progress in each delivery plan to-date.

### 3 Recommendations

- 3.1 The Board is asked to consider to recommendation on the first page of this report.

## Delivery Plans

Delivery Plan	Page number
1. Customer Strategy Delivery Plan 2014-17	2
2. People Strategy Delivery Plan 2014-17	6
3. Community Investment Delivery Plan 2014-17	9
4. Growth Strategy Delivery Plan 2014-17	12
5. Value for Money Strategy Delivery Plan	15

# 1. Customer Strategy Delivery Plan 2014-17

Strategic objectives	Actions	Milestones 2015-16	Update
Ensuring that service delivery is excellent	<ul style="list-style-type: none"> <li>Complete programme of tenancy audits</li> </ul>	<ul style="list-style-type: none"> <li>25% of tenancy audits complete</li> <li>90% of age and ethnicity profile complete</li> </ul>	<p>As at September, 827 tenancy audits have been completed. 528 have confirmed that the right tenant is living in the property. 3 properties have been recovered and further enquiries are continuing with 51 tenancies. Staff are still attempting to gain access to the remainder of the properties to complete the tenancy audit.</p> <p>As at September, 98% age and 73% ethnicity information has been obtained.</p>
	<ul style="list-style-type: none"> <li>Set up Consumer Panel</li> </ul>	<ul style="list-style-type: none"> <li>Consumer Panel operating</li> </ul>	<p>Consumer Panel members recruited and training sessions being held on 25<sup>th</sup> November with a view to them undertaking Mystery Shopping.</p>
	<ul style="list-style-type: none"> <li>Undertake mystery shopping</li> </ul>		<p>See above</p>
	<ul style="list-style-type: none"> <li>Develop a programme of customer satisfaction surveys</li> </ul>	<ul style="list-style-type: none"> <li>Achieve 10% customer satisfaction surveys for key service areas</li> </ul>	<p>Satisfaction Surveys are ongoing for Cleaning and Grounds maintenance and are reported in the monthly performance indicators.</p> <p>Satisfaction Surveys are due to commence for the Customer Call Centre and Estate Services.</p>
	<ul style="list-style-type: none"> <li>Undertake customer insight work</li> <li>Develop framework for learning from feedback</li> </ul>	<ul style="list-style-type: none"> <li>Commence tenant profiling.</li> </ul>	<p>Currently developing tenant profiling strategy for quarter 3.</p>

Strategic objectives	Actions	Milestones 2015-16	Update
	<ul style="list-style-type: none"> <li>Grow our CAS service</li> </ul>	<ul style="list-style-type: none"> <li>10% increase in CAS users</li> </ul>	The focus has now shifted to negotiating with RBKC to protect the £300k grant that the TMO receive from them against Tri-borough plans.
	<ul style="list-style-type: none"> <li>Create a customer focused culture</li> </ul>	<ul style="list-style-type: none"> <li>Create Customer First CRM system</li> <li>Use up-to-date information from tenant profiling.</li> <li>Appoint two neighbourhood support roles.</li> </ul>	<ul style="list-style-type: none"> <li>Customer First Project Board set-up. Timetable produced for the implementation of CRM.</li> </ul>
			<ul style="list-style-type: none"> <li>Two neighbourhood support officers recruited (one for the north and one for the south)</li> </ul>
	<ul style="list-style-type: none"> <li>Undertake staff training development and support</li> </ul>	<ul style="list-style-type: none"> <li>Roll-out of leadership and development programme (see People Strategy)</li> <li>Roll-out of customer service training (see People Strategy)</li> <li>Delivery of employee engagement plan</li> <li>Individual KPIs for all staff</li> <li>Introduction of new values and behaviours</li> </ul>	See People Strategy on page
	<ul style="list-style-type: none"> <li>Consultation and communication</li> </ul>	Review internal communication.	<p>Head of Communications has set-up an internal communications group to review internal communications. The staff survey has been completed.</p> <p>The Link has been reviewed and improved.</p>

Strategic objectives	Actions	Milestones 2015-16	Update
	<ul style="list-style-type: none"> <li>Measure key service performance indicators</li> </ul>	<ul style="list-style-type: none"> <li>Achieve KPI targets for 2015-16</li> </ul>	<p>RBKC's Housing and Property Scrutiny Committee's mid-year review of the TMO states:</p> <p>Performance on the key performance indicators shows a good performance for operational PIs; relet times, repairs and leasehold collection rates. Issues with the Council's finance system, Agresso is impacting on income collection rates, particularly with regard to rents and service charged.</p>
Providing a variety of access methods to suit customers needs	<ul style="list-style-type: none"> <li>Review of reception areas at office locations</li> </ul>		<p>Improvements to Network Hub and Lancaster West reception area carried out</p> <p>Blantyre office reception has been remodelled successfully, increasing security and adding a further four desks which will include accommodation for the Tenancy Support Officers.</p>
	<ul style="list-style-type: none"> <li>Continued development of online self-service</li> </ul>	<ul style="list-style-type: none"> <li>Review complete</li> <li>Introduction of self-service reporting repairs</li> <li>Review and update of the website</li> </ul>	<p>Head of Communications is presenting a business case for the review of the internet and intranet to the next programme board.</p>

Strategic objectives	Actions	Milestones 2015-16	Update
	<ul style="list-style-type: none"> <li>• Development of text messaging services.</li> <li>• Development of mobile services</li> </ul>	<ul style="list-style-type: none"> <li>• Review complete introduction of self-service reporting repairs.</li> <li>• Review and update of the website.</li> <li>• Expansion of the support service roles.</li> </ul>	<p>See above.</p> <p>Text messaging to all staff is being used for Business Continuity purposes.</p>
Using technology to deliver joined up services	<ul style="list-style-type: none"> <li>• Use of CRM</li> <li>• Knowledge engine developed</li> <li>• Payment engine in place</li> <li>• Document management system and workflows</li> <li>• Mobile working</li> </ul>	<ul style="list-style-type: none"> <li>• Introduction of phase 1 of CRM</li> <li>• Complete knowledge engine</li> <li>• Complete key workflows including voids</li> <li>• Introduce mobile devices for customer facing staff</li> </ul>	<ul style="list-style-type: none"> <li>• The TMO is moving ahead with Phase One of the Customer First Implementation CRM. It is anticipated that all general enquiries will be logged on CRM from April 2016 with actions tasked to individuals across the organisations. CRM will log and track all enquires and store information in one central location.</li> <li>• The development of a knowledge engine is part of the CRM development.</li> <li>• Key workflows for voids have been completed and will 'go live' shortly.</li> <li>• Implementing workflows is part of CRM. Priority workflows will be delivered in Phase One and Two of the project.</li> <li>• All ESAs using mobile devices.</li> </ul>

## 2. People Strategy Delivery Plan 2014–17

Strategic Objectives	Actions	Milestones 15/16	Update
Developing our culture	<ul style="list-style-type: none"> <li>Create initiatives to engage staff through conversations, focus groups etc.</li> </ul>	<ul style="list-style-type: none"> <li>Learning circles set up</li> </ul>	<ul style="list-style-type: none"> <li>A learning circle has been established for the cleaning contract review. Stakeholder review groups have been established to look at workflows and consider improvements based on best practice. Other learning circles under review.</li> </ul>
	<ul style="list-style-type: none"> <li>Refresh our values and behaviours through engagement with all stakeholders</li> <li>Embed the business plan and strategies</li> <li>Implement leadership programmes</li> </ul>	<ul style="list-style-type: none"> <li>Values refreshed and embedded by November 2015</li> <li>Briefings for all staff held. Communications developed</li> <li>Leadership programme developed and start to roll out in Q4</li> </ul>	<ul style="list-style-type: none"> <li>Values and supporting statements are currently being branded for circulation by the end of November 2015.</li> <li>Insider News and Town Hall style briefings to continue to drive business plan.</li> <li>The Leadership programme is currently under development. The model will continue linking Belbin and core management skills.</li> </ul>
Developing our Customer Focus	<ul style="list-style-type: none"> <li>Further develop our customer focused personal training</li> <li>Review customer touch points</li> <li>Agree commitments to internal customers</li> </ul>	<ul style="list-style-type: none"> <li>All staff to have attended module 3 of customer focused training</li> <li>A code of practice for internal customers agreed</li> </ul>	<ul style="list-style-type: none"> <li>Module 3 is currently being reconfigured to be delivered to teams in order to review team working and dynamics.</li> <li>Senior Management Team (SMT) have drafted and agreed the contents with the Managers' Forum,</li> </ul>

Strategic Objectives	Actions	Milestones 15/16	Update
Increasing employee engagement	<ul style="list-style-type: none"> <li>Participate in Best Companies.</li> <li>Job shadowing</li> <li>Executive Team (ET) to attend team meetings</li> </ul>	<ul style="list-style-type: none"> <li>Complete Best Companies survey.</li> <li>HR Team to keep records and measure activities.</li> </ul>	<ul style="list-style-type: none"> <li>Best Companies survey completed with 81% return.</li> <li>Reviewing recent activity during 15/16 to analyse success with regard to transfers, promotion or improved performance in current role. Next stage to be considered could be to form a structure and framework to support the workforce and succession planning.</li> <li>ET visiting teams has been extremely well received. ET have agreed to rotate and continue with different staff groups.</li> </ul>
	<ul style="list-style-type: none"> <li>Staff conference</li> </ul>	<ul style="list-style-type: none"> <li>Will be held in June to focus on customers</li> </ul>	<ul style="list-style-type: none"> <li>Completed</li> </ul>
	<ul style="list-style-type: none"> <li>Standardise 1-to-1 process</li> <li>Performance Development Review</li> </ul>	<ul style="list-style-type: none"> <li>New 1- to-1 process rolled out by Q3</li> <li>80% completion of forms at year end</li> </ul>	<ul style="list-style-type: none"> <li>Reviewed 1-to-1 forms guidance and process agreed with SMT. Introduced in September to support mid-year reviews, to make them more robust and to aid performance related discussions.</li> <li>Mid-year review currently being carried out throughout the organisation.</li> </ul>
Developing our employer brand and becoming an	<ul style="list-style-type: none"> <li>Staff new pay and grading review</li> </ul>	Fully implemented by Q1	Completed

Strategic Objectives	Actions	Milestones 15/16	Update
employer of choice			
	<ul style="list-style-type: none"> <li>• Clarify the benefit package for staff</li> <li>• Create programmes to allow staff to engage with our communities</li> <li>• Apprenticeship/graduate programme considered</li> </ul>	<ul style="list-style-type: none"> <li>• Clear benefit statement to all staff by Q3</li> <li>• Volunteering strategy revisited</li> <li>• Look at graduate trainee options</li> </ul>	<ul style="list-style-type: none"> <li>• Amended to be delivered during Q4.</li> <li>• Currently under review whilst bench marking against other organisations to find best practice. Volunteers are still being used in the organisation.</li> <li>• Currently researching to create an options proposal paper.</li> </ul>
Internal communications	<ul style="list-style-type: none"> <li>• Review <i>Insider News</i></li> <li>• Review other methods of staff communication</li> <li>• Celebrate success</li> </ul>	<ul style="list-style-type: none"> <li>• Survey carried out by Q1</li> <li>• Act on staff feedback.</li> <li>• Goodie (reward) cupboard</li> </ul>	<ul style="list-style-type: none"> <li>• Survey completed and actions currently being implemented.</li> <li>• Draft policy and budget discussions underway.</li> </ul>

### 3. Community Investment Delivery Plan 2014–17

Strategic objectives	Actions	Milestones 2015-16	Update
Employment, skills and training	<ul style="list-style-type: none"> <li>• Develop roadshows focusing on employment and training</li> <li>• Maintaining Gold Standard of the worklessness charter</li> <li>• Apprenticeships</li> <li>• Investigate apprenticeships at Repairs Direct</li> <li>• Support work placements and work experience</li> <li>• Support SmartWork clothing project</li> </ul>	<ul style="list-style-type: none"> <li>• Hold two roadshows</li> <li>• Gold Standard maintained</li> <li>• Apprentices recruited under framework agreement</li> </ul>	<ul style="list-style-type: none"> <li>• One 'Get Wise' Roadshow held in June, the second scheduled for February 2016.</li> <li>• Pathways to Work Gold Standard maintained</li> <li>• As part of the added value element of the New Framework Contract, the contractors provide both training and employment opportunities. To date Keepmoat provided: <p>Curriculum Support provided to residents – June 2015,  1x under 16 work placement administrative assistant – 2 week period in July,  2x local tradesmen employed – August 2015  1x full time apprentice administrator – started October 2015,  Training placements for residents – November 2015  1x local Resident Liaison Officer recruited  2x work placements available within Contractor Resident Liaison Team in November 2015.</p> <p>The contractors have a Social Value Plan to manage and monitor performance in this area prioritising KCTMO residents but initiatives can include non-KCTMO residents.</p> </li> </ul>

Strategic objectives	Actions	Milestones 2015-16	Update
		<ul style="list-style-type: none"> <li>Host at least two work experience placements</li> <li>Hold at least one suit drive</li> </ul>	<ul style="list-style-type: none"> <li>The TMO is developing a bank of local people who can be called in when required as a support for the Customer Service Centre (CSC). This will assist people to gain work skills and the TMO will provide on-going training. Work placements have also been arranged.</li> <li>This year's suit drive to be arranged in Q4.</li> </ul>
Financial and social inclusion	<ul style="list-style-type: none"> <li>Maximise income through welfare officers</li> <li>Facilitate access to affordable credit</li> <li>Set up and maintain children and youth forums</li> <li>Work with health trainers and healthy eating initiatives</li> <li>Supporting older people</li> </ul>	<ul style="list-style-type: none"> <li>Welfare officers begin preparing residents</li> <li>Continue to support the credit union</li> <li>Children forum set up in south. Youth forums established in the north and south</li> <li>Hold three cook and taste events</li> </ul>	<ul style="list-style-type: none"> <li>Welfare Officers and Tenancy Support Officers signposting customers to financial advice and assistance. The TMO has been raising awareness of Universal Credit on the website and in the Link magazine. Heads of Neighbourhood attend the Welfare Reform Benchmarking Sub Group.</li> <li>The Credit Union continues to use accommodation at the TMO offices at 346 Kensington High Street.</li> <li>The Youth Project has now set up Youth and Children's forums in the north and south which encompass forums and sport activities.</li> <li>Cook and taste sessions were held at the road show in June and at the Residents' Conference in September. A further session will be held at the February road show. Nutritional advice is also given out at the road shows.</li> </ul>

Strategic objectives	Actions	Milestones 2015-16	Update
		<ul style="list-style-type: none"> <li>• Host a senior citizens' party</li> <li>• Investigate visiting service for older people.</li> </ul>	<ul style="list-style-type: none"> <li>• Senior citizens' party will be held in January.</li> <li>• Under review.</li> </ul>
	<ul style="list-style-type: none"> <li>• Supporting a local charity</li> </ul>	<ul style="list-style-type: none"> <li>• New charity chosen and £1,000 collected</li> </ul>	£1,600 raised for 14/15 charity St John's Hospice. Now fundraising for local charity, Full of Life. Fund-raising events have been planned throughout the year.
Environment and community improvements	<ul style="list-style-type: none"> <li>• Helping community centres to develop financially sustainable models of operation</li> <li>• Support projects to reduce antisocial behaviour and crime reduction</li> <li>• Facilitating community information sharing and communication</li> <li>• Creating and improving spaces for play and interaction and keeping spaces attractive and well maintained</li> </ul>	<ul style="list-style-type: none"> <li>• New charges agreed and four centres improved</li> <li>• Housing Regeneration Programme (HRP) bids agreed and delivered</li> <li>• Four new resident associations established. Four RA newsletters circulated</li> <li>• HRP bids approved and delivered. Garden competition held</li> </ul>	<ul style="list-style-type: none"> <li>• Pilot of six community centres being decorated. Once decoration complete in Q4, centres will be proactively marketed. New management agreements being rolled out.</li> <li>• The 2015/16 HRP bids were reviewed and prioritised at the April Operations Committee. Residents in the successful schemes have been consulted and the contracts are being tendered.</li> <li>• Seven new RAs and compacts established and three RA newsletters circulated.</li> <li>• Gardens Competition held in September 2015.</li> </ul>

## 4. Growth Strategy Delivery Plan 2014-17

Strategic objectives	Actions	Milestones 2015-16	Update
Regeneration and development with RBKC	<ul style="list-style-type: none"> <li>Complete Grenfell Tower refurbishment</li> <li>Deliver Hidden Homes programme &amp; develop future pipeline</li> <li>Work with RBKC on identified estate regeneration at Treverton, Warwick Road and Trellick Tower</li> <li>RBKC's new council-owned company set up</li> </ul>	<ul style="list-style-type: none"> <li>Project complete (£11.5m)</li> <li>Nine new homes at Grenfell Tower (£650m) delivered</li> <li>Seven new homes at World's End (£742k) delivered</li> <li>Three new schemes, with five homes being assessed (£720k)</li> <li>RBKC and TMO work together on managing the process for consultation and delivery</li> <li>RBKC to confirm TMO is preferred manager for new homes developed</li> <li>TMO to work with RBKC to understand how we can contribute</li> </ul>	<ul style="list-style-type: none"> <li>Grenfell Tower regeneration is approaching its final stages.</li> <li>Completed successfully and well attended opening viewings with the Leader and Deputy Leader.</li> <li>Projects are being considered.</li> <li>More detailed capital monitoring procedures have been developed which set out the working relationship between the TMO and the Council on the asset management projects. These will be include in the next version of the Management Agreement and are in preparation for further regeneration opportunities involving extensive partnership working.</li> </ul>
Review current services	<ul style="list-style-type: none"> <li>External contracts: review all external contracts and have outline timeline for reviews and</li> </ul>	<ul style="list-style-type: none"> <li>Review any contract as a new business opportunity</li> </ul>	<ul style="list-style-type: none"> <li>Any contract will be reviewed as a potential new business opportunity</li> </ul>

Strategic objectives	Actions	Milestones 2015-16	Update
	business assessments over <b>the next five years</b>		
	<ul style="list-style-type: none"> <li>Cleaning contract re-procurement : TMO to review and assess any business opportunity</li> </ul>	<ul style="list-style-type: none"> <li>Decision to bring in-house or re-procure</li> </ul>	<ul style="list-style-type: none"> <li>The TMO Board considered the possibility of providing an in-house service and have decided to re-procure the service externally.</li> </ul>
	<ul style="list-style-type: none"> <li>Repairs Direct: to deliver key objectives around quality and performance of service</li> <li></li> </ul>	<ul style="list-style-type: none"> <li>Improvement plan to be completed and delivered</li> <li>Reduce the number of sub-contractors</li> <li>Develop the capacity to deliver parts of the capital programme</li> </ul>	<ul style="list-style-type: none"> <li>Review satisfaction with repairs</li> <li>Increase in surplus in financial plan</li> </ul>
Asset investment	<ul style="list-style-type: none"> <li>Recruit capital team to deliver programme</li> <li>Evaluate opportunity to provide services to other providers</li> </ul>	<ul style="list-style-type: none"> <li>Capital programme delivered</li> <li>Explore and investigate small provider market (TMO and community organisations)</li> </ul>	<ul style="list-style-type: none"> <li>Capital programme is due to be delivered in the last 2 Quarters of 2015/16 following agreement to use the framework.</li> <li>Agree forward programme in HRA business plan</li> </ul>

Strategic objectives	Actions	Milestones 2015-16	Update
Developing new services	<ul style="list-style-type: none"> <li>Community Alarm Service (CAS): review service capacity to increase services to private sector or look at health opportunities</li> <li>Older tenants: review tenants profile to see if additional services required due to age</li> </ul>	<ul style="list-style-type: none"> <li>Review/complete and business plan agreed</li> <li>Identify investment requirements</li> </ul>	<ul style="list-style-type: none"> <li>CAS review in progress with tri-borough. Service being promoted to key stakeholders.</li> <li>Negotiations have been carried out with RBKC to safeguard the existing housing grant.</li> </ul>
	<ul style="list-style-type: none"> <li>Leasehold services: assess the idea of a leaseholder repairs service from Repairs Direct</li> </ul>	<ul style="list-style-type: none"> <li>Decision to develop service or not</li> </ul>	<p>Surveys returns from lessees suggest that this is very much a service that they are interested in. However, this is currently on hold whilst RD focus on core business. Possibly revisit in 2016/17.</p>
Expanding membership services	<ul style="list-style-type: none"> <li>Complete review of membership list to agree number of members</li> <li>Review and look at other membership organisations to see what works</li> <li>Review resources to deliver strategy</li> </ul>	<ul style="list-style-type: none"> <li>Membership target achieved (5,500)</li> </ul>	<ul style="list-style-type: none"> <li>Membership target agreed for 2015/16 (453). Achieved as at end of September – 274.</li> </ul>
Opportunistic growth	<ul style="list-style-type: none"> <li>To monitor the market, identify opportunities and assess risk</li> </ul>	<ul style="list-style-type: none"> <li>Westway/TMO agreement in place to deliver specific RE service.</li> </ul>	<ul style="list-style-type: none"> <li>The TMO has identified resident engagement opportunities in the north and the south to the borough which are currently in negotiation.</li> </ul>

## 5. Value for Money Strategy Delivery Plan 2014-17

Strategic objectives	Actions	Milestones 2015-16	Update
Understanding costs and comparing with others	<ul style="list-style-type: none"> <li>Budget: continue and improve budget review</li> <li>Benchmarking: set up peer group for Housemark benchmarking based on business criteria and drivers</li> </ul>	<ul style="list-style-type: none"> <li>New financial director to review overall budget strategy and investment requirements</li> <li>Set budget for 2016-17 for Group at target and challenge utilising improved benchmark information</li> <li>Agree Board strategy on utilisation of reserves</li> <li>Complete peer group selection by July</li> <li>Receipt of full peer group analysis October</li> </ul>	<ul style="list-style-type: none"> <li>Budget strategy reviewed in setting 2016/17 budget.</li> <li>Budget for 2016-17 currently being set.</li> <li>At the 23<sup>rd</sup> July Board, it was resolved to approve the use of £250k of retained reserves to fund infrastructure investment required to deliver identified projects for delivery by 2020.</li> <li>Deferred until Q4.</li> </ul>
Achieve VFM through effective procurement	<ul style="list-style-type: none"> <li>Framework: complete implementation of framework agreement</li> </ul>	<ul style="list-style-type: none"> <li>Obtain binding decision from Upper Tier Tribunal</li> </ul>	<p>Successful decision from the UTT which has changed the legal position for all of England &amp; Wales. A lot of publicity in trade publications and the TMO has been contacted by various people on the back of the result to establish how the frameworks should be set up.</p> <p>Despite a multitude of challenges around the s.20 consultation, the UTT ruled that the consultation was fully compliant.</p>
Achieve VFM	<ul style="list-style-type: none"> <li>Utilise contract</li> </ul>	<ul style="list-style-type: none"> <li>Complete leaseholder</li> </ul>	<ul style="list-style-type: none"> <li>The TMO is now using the asset management</li> </ul>

Strategic objectives	Actions	Milestones 2015-16	Update
through effective procurement	<ul style="list-style-type: none"> <li>management skills to monitor contracts</li> <li>Shared services</li> </ul>	<ul style="list-style-type: none"> <li>consultation on framework</li> <li>Undertake leaseholder consultation on works using framework</li> <li>Launch framework with contractors/ consultants, emphasising delivery and VFM in TMO context</li> <li>Increase customer satisfaction</li> <li>Complete recruitment of contract management and framework team</li> <li>Continue to hold discussions with other providers</li> </ul>	<p>framework arrangement to provide contractors and consultants for capital work. The contractors are KeepMoat and Wates and the consultants are JRP and Baily Garner.</p> <ul style="list-style-type: none"> <li>Increase customer satisfaction</li> <li>Invest in community with contractors</li> <li>Start apprenticeship scheme</li> </ul>
Efficiency in service delivery	<ul style="list-style-type: none"> <li>Implement CRM project (refer to the Customer Strategy)</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Target completion Q2 2016/17. Project has started and is well underway.</li> </ul>
	<ul style="list-style-type: none"> <li>Assess impact of Universal Credit on arrears and the working methods of income management</li> </ul>	<ul style="list-style-type: none"> <li>Commencement of Universal Credit in the borough</li> <li></li> </ul>	<ul style="list-style-type: none"> <li>Universal Credit is due to be phased in RBKC from November for new applicants. The impact of Universal Credit will be monitored</li> <li>for its impact.</li> </ul>
	<ul style="list-style-type: none"> <li>Agree regeneration requirements and information with RBKC</li> </ul>	<ul style="list-style-type: none"> <li>SLA on regeneration</li> </ul>	<ul style="list-style-type: none"> <li>Involvement in regeneration programme</li> </ul>
	<ul style="list-style-type: none"> <li>SLA reviews</li> </ul>	<ul style="list-style-type: none"> <li>Review Legal Services SLA</li> </ul>	<ul style="list-style-type: none"> <li>The Legal SLA has been completed and is due to be signed-off by RBKC.</li> </ul>

Strategic objectives	Actions	Milestones 2015-16	Update
Promote and embed VFM culture	Publicise strategy to staff and key partners	<ul style="list-style-type: none"> <li>All staff aware and signed up to VFM strategy</li> </ul>	<ul style="list-style-type: none"> <li>ET/SMT discussions will take place in Q4 regarding the implementation of VFM initiatives.</li> </ul>

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA TENANT  
MANAGEMENT ORGANISATION ("KCTMO")**

<b>Confidential</b>
---------------------

<b>For Decision</b>
---------------------

<b>Board Report 26 November 2015</b>
--

<b>Report title:</b>	Kensington & Chelsea TMO Repairs Direct ("Repairs Direct") Charging Model
<b>Authority for decision:</b>	The Board has the power to approve the amendment to the contractual obligations entered into by KCTMO under the Measured Term Contract dated 14 January 2014.
<b>Recommendations:</b>	<p>It is recommended that the Board consider the contents of this report and upon due consideration agree to pass resolutions in the following form:</p> <p>"The Board <b>RESOLVED TO:</b></p> <ul style="list-style-type: none"> <li>i. agree and approve a new charging model in respect of the cost for works undertaken by Repairs Direct under the Measured Term Contract dated 14 January 2014 entered into by and between KCTMO and Repairs Direct;</li> <li>ii. agree and approve an amendment of the Measured Term Contract dated 14 January 2014 entered into by and between Repairs Direct and KCTMO to incorporate the new charging model with effect from the date of execution by both parties to the contract; and</li> <li>iii. authorise any two members of the Executive Team or one member of the Executive Team and the Company Secretary to execute and sign the amended Measured Term Contract for and on behalf of KCTMO." </li></ul>
<b>Regulatory/legal requirements:</b>	The Board is required to approve any change to a contract to which KCTMO is a party under the laws of contract.
<b>Business Plan link:</b>	Growth strategy – to grow the scale and scope of work, to continue to add value.
<b>Equality Impact Assessment/comment:</b>	There is no adverse effect to any group.

<b>Resident consultation:</b>	Not required as this change will not impact on tenants or leaseholders (charges to leaseholders will be inline with existing budgets and estimates).
<b>Resource implications/VFM statement:</b>	The new charging model will ensure full recovery of Repairs Direct costs with a small element of profit which will enable Repairs Direct to consider growth opportunities such as offering a repairs service to leaseholders.
<b>Risk:</b>	Failing to agree to adopt the new charging model for the works undertaken under the Measured Term Contract dated 14 January 2014 could jeopardise the future viability of Repairs Direct and the repayment of the loan provided by KCTMO.
<b>Appendices:</b>	None
<b>Total number of pages including appendices:</b>	6
<b>Name, position and contact details of author:</b>	Barbara Matthews, Executive Director of Financial Services & ICT

## Charging Model

### **1. Purpose**

- 1.1 The purpose of this report is to outline the proposed new method of charging for work undertaken by Repairs Direct and seek Board approval to the model and amendment to the Measured Term Contract dated 14 January 2014.

### **2. Background**

- 2.1 Repairs Direct have been in operation since September 2013 with the current focus being to provide an excellent service with key priorities set last year including:
- A focus on quality and raising service standards;
  - Delivering value for money in the context of agreed budget and delivering the required quality and service standards;
  - To be a viable operation, delivering a surplus and generating cash that is adequate to repay the TMO loan.
- 2.2 Over the first two years of its operation, Repairs Direct has begun a programme to transform the repairs service. This is a long term project and involves getting the right skills in place within the management team and the operatives. Significant progress is being made in this area, however, it will take some time to achieve the right blend of skills that will meet the needs of the service.
- 2.3 Recent activities have seen improvements in achieving efficiency savings within the operation. For example, the average job value in 2014/15 was around £180. In 2015/16 to date, the average job value has dropped to around £140, which has been achieved through negotiating supply chain improvements, optimising the scope of repair works and achieving improved productivity of the workforce.
- 2.4 The volume of jobs over the last 3 years has stayed consistent at around 22,000 per annum. However, there may be a reduction in this figure as the service continues to improve and move towards more planned investment, rather than relying on responsive repairs.

### **3. Current Charging Model**

- 3.1. In the current financial model, Repairs Direct charge RBKC (via the Measured Term Contract with KCTMO) for the value of works completed based on the National Schedule of Rates (SOR). This model gives a clear financial incentive to a contractor to maximise the value of a job in order to generate income. In addition, the higher the volume of work, the better a financial outcome from the contractor's perspective.
- 3.2. The priority for Repairs Direct is to focus on the quality of the repairs service and value for money, moving towards improved planned investment in the stock. These objectives are at odds with the drivers of the SOR financial model: a lower average job value and a lower number of jobs would be a

successful outcome from RBKC's perspective. However, for Repairs Direct this would result in a reduction in income that would prevent it being able to achieve a surplus and generate sufficient cash required to repay the loan.

- 3.3. With the current SOR model, the only option available to enable Repairs Direct to achieve its income target and cover costs would be to increase the volume of jobs or value of each job carried out. For the current responsive repairs service, this would be at odds with the aim to optimise the efficiency of the service by driving out any unnecessary costs. In the longer term, delivering programmes of planned maintenance work through Repairs Direct could increase income, however, these programmes require considerable planning and lead-in and to focus on these activities at the present time would be a significant distraction from the priority to improve the efficiency of the current operation and to deliver a high quality service to residents.
- 3.4. An alternative would be to reduce the number of operatives employed and rely on the use of more costly subcontractors. However, this would have a negative impact on the quality of the service provided and the ability to remain viable. Repairs Direct needs a range of skills and trades to meet the diverse investment requirements of the stock.
- 3.5. Moving to a Price Per Property charging method had been considered by both the Repairs Direct and KCTMO Boards. This method requires the knowledge and understanding of the historic delivery of jobs, the number of jobs undertaken annually and the average cost per job. As has been stated previously the number of jobs has been fairly consistent over a number of years and in addition generally c.80% of operational costs are known. Assumptions are then used to assess the full cost to deliver the annual service which is divided by the number of properties covered by the service to calculate the Price Per Property. However this method does not take account of any changes to property numbers, repair definitions or additional requirements. Annually the costs of running the repairs service together with a required profit are reviewed and recalculated as a new Price Per Property. As the method creates an 'artificial' Price Per Property which gives no reflection of the actual cost of repairs to each property the alternative charging model presented below is now been proposed.

#### **4. Alternative charging model**

- 4.1. An alternative to the current SOR model and previously considered Price Per Property model is proposed. The new model is based on charging for the fixed overheads and profit on a monthly basis (one twelfth of the total annual amount) and charging for the variable cost of materials and subcontractor costs applied to each job as incurred.

- 4.2. The table below outlines the basis of this model (figures for 2016/17 onwards are indicative and subject to further review):

	2015/16 £k	2016/17 £k	2017/18 £k	2018/19 £k	2019/20 £k
Total fixed and operatives costs	2,889	2,993	3,022	3,051	3,081
Profit (2.8% 2015/16, 5% thereafter)	158	274	277	279	282
<b>Total fixed costs and profit</b>	<b>3,047</b>	<b>3,267</b>	<b>3,299</b>	<b>3,330</b>	<b>3,363</b>
<b>Total subcontractors &amp; materials</b>	<b>2,633</b>	<b>2,212</b>	<b>2,196</b>	<b>2,252</b>	<b>2,242</b>
<b>Total charge to RBKC</b>	<b>5,680</b>	<b>5,479</b>	<b>5,495</b>	<b>5,582</b>	<b>5,605</b>
*Current forecast charge to RBKC	5,600	5,600	5,600	5,600	5,600

\*For information only

- 4.3. This approach would remove the pressure to generate a particular volume of work to support the business and thus allow Repairs Direct to focus on the quality of the service and optimising the costs.

- 4.4. This model would allow any efficiencies gained through better materials procurement or more efficient use and better procurement of subcontractors to be passed on to RBKC immediately (ensuring the quality of the repairs service is maintained). Any surpluses achieved through improved optimisation and efficient use of the operatives and reduced overheads could be reinvested in either:

- Future planned maintenance or capital investment, or
- Service development (e.g. trainees / apprenticeships).

Or, offered back in part or in total to RBKC as a saving to the HRA.

- 4.5. Safeguards for RBKC in the new charging model include the setting of budgets annually and quarterly forecasting which is undertaken as a joint process involving both RBKC and KCTMO staff, and RBKC's regular close monitor of the financial results and performance, including service quality.

## 5. Looking Ahead

- 5.1. Going forward further efficiency can be delivered in the current operations of Repairs Direct. The current management structure has the capacity to take forward the transformation of the service and will continue to improve efficiency and optimise costs.

- 5.2. The team are also carrying out an extensive re-procurement of subcontractors. This will ensure that Repairs Direct will have the right specialist contractors who can deliver the required quality of work.

- 5.3. In due course, as permanent recruitment is completed to the Repairs Direct management and operative structure, the overhead costs of the service can be optimised.
- 5.4. Following the completion of the optimisation of the responsive repairs service, Repairs Direct will work with the Asset & Regeneration team to consider options for future planned maintenance programmes.
- 5.5. In future years Repairs Direct will be able to consider additional services such as the provision of a repairs service to leaseholders and the possibility of offering the service to other London housing providers.
- 5.6. Any development of the service will enable further efficiency savings to RBKC and a consequent review of the charging model as the existing one contract model service with fixed costs being charged to the one customer. The fixed costs would then apply across all the customer contract areas.

## **6. Measuring Performance**

- 6.1. As the service continues to develop, it will be essential to continue to measure and monitor performance to understand costs and to benchmark against other repairs operations in the sector. This will help ensure that the service becomes and remains cost effective and efficient in all aspects of its operation particularly important for growth opportunities once the existing service is stable.

## **7. Next Steps**

- 7.1. The board of Repairs Direct having given due consideration to the need to promote the success of Repairs Direct has agreed to propose a new charging model to the Board for its approval as the other party to the Measured Term Contract dated January 2014. The Board is required to approve any change to a contract to which KCTMO is a party under the laws of contract. The form of the amended contract is yet to be drafted and it is proposed to circulate this to the Board, for approval by electronic communication.
- 7.2. The proposal to recharge RBKC based on the new charging model has been reviewed by Steve Mellor, RBKC's Finance Manager to confirm that the RBKC will agree to proceed on this basis. Laura Johnson, RBKC's Director of Housing has also confirmed approval. Steve Mellor has confirmed that the charging model appears to be reasonable, does not impact on RBKC's budget and to change the method of charging is an operational matter not requiring formal Council approval.
- 7.3. The Repairs Direct Interim Managing Director and Interim Commercial Manager have both reviewed and agreed the proposal as it not only ensures fixed costs are recovered, and a level of profit is made, but it also allows management focus on the quality of work and value for money.

- 7.4. Upon receiving the approval by the Board, the new charging model will be considered approved by the parties to the contract (KCTMO and Repairs Direct) and the amendments reflected in the agreement with effect from 1<sup>st</sup> April 2015. Previous invoicing to RBKC will be credited and all new invoices will be issued according to the new charging model.

**8. Recommendation**

- 8.1. The Board is asked to consider this report and upon due consideration, approve the recommendation on the cover page of this report.

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA  
TENANT MANAGEMENT ORGANISATION LIMITED (the “Company”)**

<b>Confidential</b>
---------------------

<b>For Information</b>
------------------------

<b>Board Report 26 November 2015</b>
--

<b>Report title:</b>	Modular Management Agreement Execution Approval
<b>Authority for decision:</b>	The Board has the power to approve an amendments to the contractual obligations entered into by the Company..
<b>Recommendations:</b>	<p>It is recommended that the Board consider the contents of this report and upon due consideration, pass a resolution in the following form:</p> <p>“The Board <b>RESOLVED TO:</b></p> <p>(i) agree and approve the Modular Management Agreement (MMA) to be entered into by and between the Company and the Royal Borough of Kensington and Chelsea (RBKC) in respect of the management of the properties of RBKC;</p> <p>(ii) authorise any two members of the Executive Team or a member of the Executive Team and the Company Secretary to execute the MMA for and on behalf of the Company.</p>
<b>Regulatory/legal requirements:</b>	The Board is responsible for agreeing to and overseeing the contractual obligations of the Company.
<b>Business Plan link:</b>	Not Applicable.
<b>Equality Impact Assessment/comment:</b>	There are no equalities implications associated with this decision.
<b>Resident consultation:</b>	There is no resident consultation required.

<b>Resource implications/VFM statement:</b>	Not applicable.
<b>Risk:</b>	The MMA sets out the terms upon which the Company undertakes its management functions for and on behalf of RBKC, and the inability or omission to meet the terms could result in a breach of contract by the Company.
<b>Appendices:</b>	None.
<b>Total number of pages including appendices:</b>	4
<b>Name, position and contact details of author:</b>	Fola Kafidiya, Head of Governance & Company Secretary, Ext [REDACTED]

## **1. EXECUTIVE SUMMARY**

- 1.1 The Modular Management Agreement (MMA) between the Company and RBKC has been reviewed by the Company and RBKC. The revised MMA has agreed and approved by the Cabinet Member for Housing, Property & Regeneration. The Board is invited to agree that the Company enter into the revised MMA with RBKC.

## **2. REASONS FOR THE REVIEW**

- 2.1 The MMA has been reviewed in order to reflect the changes in the Right-to-Manage legislation, correct definitions and terminology, incorporate the revised policies and processes in place between RBKC and the Company, and the additional services being provided by the Company since the original agreement was signed in 2006.

## **3. BACKGROUND**

- 3.1 The MMA governs the relationship between the Company and RBKC. The original agreement was developed in 2006 and since November 2010 it has been under review. There have been some significant changes which impact on the validity of the current MMA such as: the introduction of self-financing, the Localism Act concerning tenancy policy, allocations and assignment, the return of the allocations function to the Council and more recently the development of the Internal Service Provider to deliver the Company's repairs service.
- 3.2 The review has been very time consuming because of the length and complexity of the document and the number of different departments and officers involved at RBKC and the Company. Legal advice was sought from Devonshires on how to revise the agreement effectively. The advice given was to retain the working elements of the MMA but adapt any flexible clauses to reflect the actual workings and circumstances of the relationship between both parties. We are satisfied with this approach as the agreement has been used several times to manage challenging situations and is fit for purpose, and by not radically altering the function, the Secretary of State's permission is not required.
- 3.3 The revisions of the MMA and its continued role in underpinning the relationship with RBKC is supported by two important pieces of work. These are the Five Year Review undertaken in 2013 and reported to Scrutiny Committee in May 2013 finding the Company to be providing a "good service with excellent prospects for improvement" and the Test of Opinion undertaken in the summer of 2013 and reported to Scrutiny Committee in March 2014, which demonstrated resident satisfaction with the Company's services at 75% and 86% of residents would like the Company to continue to manage the properties.

#### 4. AMENDMENTS TO THE MMA

4.1 The review of the MMA highlighted a number of changes to the agreement and takes in to account the MMA update issued by the Department of Communities and Local Government in December 2013. Most of the changes were minor reflecting updated references, changes to names and removal or updating terminology. Examples include inclusion of references to the Localism Act, replacement of references to the Office of the Deputy Prime Minister with the Department of Communities and Local Government, and removal of Best Value which is terminology that is no longer used.

4.2 The changes to the main body of the contractual clauses of the MMA are detailed by chapter in Appendix 1.

They include:

- ✓ 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 were 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; and
- ✓ Revising the terminology in respect of Council nominees.

4.3 The schedules to the MMA set out all of the relevant policies and protocols that relate the clauses in the agreement including the constitution, property lists, service level agreements, financial protocols, the monitoring framework and the new tenancy and succession policies.

## Amendments to Volume 1 of Modular Management Agreement

Chapter	
1 – General Provisions	Removal of reference to the Lancaster West Estate Management Board. This was recommended by the specialist consultant as it did not form part of the agreement between the Council and TMO, but the agreement between the Council and Lancaster West has now ended.
	Removal of reference to the housing subsidy system and replacement with Housing Revenue Account business plan following the introduction of the Localism Act and self-financing in 2012.
	Updating of all insurance clauses to reflect actual practice, this includes a hold harmless clause so the TMO and Council cannot take action against each other and removal of reference to “housing management” and replacement with “management” to reflect the commercial properties - agreed with RBKC Insurance team.
	Updated Equal Opportunities references. These now refer to the protected characteristics.
	Clauses revised to streamline the termination process. Originally there were two processes, implementation of an Improvement Plan and serving a Supervision Notice. Now both the plan and the notice are included as part of the same process.
	Clarification of transfer of interests, rights and equipment at the end of the agreement
2 – Repairs, Maintenance and Service Provision	The original document included clauses for major works that the Council may undertake. As the Council has delegated all major works, any clauses regarding major works by the Council have been removed.
	Clauses removed regarding allowances paid to the Council by the TMO as does not reflect actual practice. The Council pays the TMO a management fee to oversee the management and maintenance of the housing stock. In addition, separate budgets are set for the actual costs of repairs and maintenance.
3 – Rent (including	Amended to reflect actual practice – clarifies process and Council's authorisation of legal proceedings for rent arrears. The TMO seeks authorisation from the Council to take legal proceedings and enforces giving the Council 48 hours of the notice of possession.

	Amended to reflect that all rent collected by the TMO is paid in to the Council's bank account.
	Void allowance clauses removed as does not reflect actual practice. Bad debt provision and void levels are monitored through the collection of performance indicators.
	Voids and rent waivers clauses removed as does not reflect actual practice – there are no void or rent waivers. Bad debt and voids are monitored through the collection of performance indicators.
4 - Leaseholder and Freeholder Service Charges	Payment of service charges and ground rent – as above clauses removed as does not reflect actual practice.
	Financial incentives and penalties– as above clauses removed as does not reflect actual practice.
5 – Financial Management	Amendments to the clauses on the calculation of allowances as these are set out in the Financial Protocols. Clause has been removed as the allowances cover all services provided by the TMO.
	Restriction on investments clause not used.
	Reserve funds clause not used.
	Major works clause not used.
	Financial report and surplus fund – clause amended to reflect actual practice. The HRA working balance and any reserves would be reported to Scrutiny Committee as part of the annual budget setting process.
6 – Tenancy Management	Selections of tenants – the clauses have been amended to reflect that the selection has reverted to the Council's Housing Department. This was undertaken by a Deed of Variation approved in April 2010.
	Resident disputes – clause removed as this is dealt with by the TMO's complaints procedure.
	Application to sublet – clause removed as this is not permissible in RBKC.
	Tenants compact clause removed as these matters are dealt with through the TMO resident engagement structures.
	Commercial property clauses have been updated to reflect actual practice including the responsibilities for strategic

	decisions and operational matters.
7 – Staffing and management of the relationship	Removal of the clause on secondments from the Council to the TMO as this is no longer relevant.
	Clauses on liaison removed but reference to monitoring framework included
	The terminology for the section on “Council nominees” has been amended from “elected councillors” to “nominees”. This reflects both actual practice as the Council provides 4 Council Board members, 2 elected councillors and 2 independents and the TMO’s constitution which states <i>(15.1.2) up to 4 Council Board Members; &amp; (18.1) There shall be 4 Council Board Members each of whom shall be appointed by the Royal Borough.</i>
8 – Performance monitoring and reviewing of standards	Removal of clauses on now historic Best Value reviews
	Addition of clauses for clarification on the agreement and implementation of strategic documents and policies for performance review

## 5. Conclusion

5.1 The Board is invited to pass the resolutions recommended on the cover page of this report.

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA  
TENANT MANAGEMENT ORGANISATION LIMITED ("TMO")**

<b>Confidential</b>	
<b>For Discussion</b>	
<b>Board Report 26 November 2015</b>	
<b>Report title:</b>	Board Election and AGM 2016
<b>Authority for decision:</b>	The Board of Directors are responsible for ensuring that the Company abides by its Articles of Association.
<b>Recommendations:</b>	<p>It is recommended that the Board consider the contents of this report and agree to pass resolutions in the form set out as follows:</p> <p>"The Board <b>RESOLVED TO:</b></p> <ul style="list-style-type: none"> <li>(i) agree and approve running the 2016 Board member election on the principle of a 6:2 Resident Board membership;</li> <li>(ii) merge the voting period of the Board member election and the AGM notice period;</li> <li>(iii) setting up and promoting the KCTMO Developing Leaders Programme, and running the Resident Capacity Building Training within the programme;</li> <li>(iv) run the 2016 Board Member Election and AGM Notice Period timetable on the timetable presented to the meeting; and</li> <li>(v) agree to have a 10am start time for the 2016 AGM." </li></ul>
<b>Regulatory/legal requirements:</b>	The Companies Act 2006 provides that the Board of Directors have a duty to promote the success of the Company.
<b>Business Plan link:</b>	NA
<b>Equality Impact Assessment/comment:</b>	NA
<b>Resident consultation:</b>	NA
<b>Resource implications/VFM statement:</b>	NA
<b>Risk:</b>	Timely planning of the Board member elections and AGM prevents the risk of non-compliance with the Articles of Association, and MMA
<b>Appendices:</b>	
<b>Total number of pages including appendices:</b>	2
<b>Name, position and contact details of author:</b>	Robert Black, Chief Executive (Ext [REDACTED]) Fola Kafidiya, Head of Governance & Company Secretary (Ext [REDACTED])

## 1. SUMMARY

- 1.1. The Company is required to hold a Board Member Election for its Resident Board member appointment. In addition, the Company is required to hold an annual general meeting (AGM) every year. As a result, the Company is required to plan and host these events as and when they arise. This report considers the Resident Board member Election for 2015 and the Annual General Meeting 2015 and outlines proposals for the forthcoming Board member election and annual general meeting in 2016.

## 2. Board Member Election 2015

- 2.1. The Company undertook a Board Member election this year which successfully resulted in the reappointment of two existing Board members and the appointment of a new Board member.
- 2.2. At completion of the election, it was apparent that the number of nominations for the available positions in the election, and the voting turnout had fallen in comparison with the equivalent in 2012 and 2013. There was no Board Member election in 2014.
- 2.3. The figures for the elections are as follows:

Date	2012	2013	2015
No. of members	4,147	4,658	5,084
Candidates	16 (16 T)	13 (10 T, 3 L)	4 (4 T)
Vacancies	2 (2 T)	5 (3 T, 2 L)	3 (3 T)
Votes cast	1,273	1,874	1,026
Turnout as %	30.7%	40.2%	20.2%
Date voting closed	08/05/2012	23/07/2013	21/07/2015

Key: T = Tenant, L = Leaseholder

- 2.4. We have looked at the last few elections and working with UK Engage, identified some of the considerations which may have resulted in the reduction in nomination and voting turnout and they are:
- *Number of candidates:* There were less candidates (4) in comparison to the number in 2012 (16) and 2013 (13). Additional candidates may have increased the voting numbers because each candidate would have a number of acquaintances, friends, family and neighbours voting.
  - *The type of vacancy available:* There was no leaseholder vacancy available in 2015. In 2013, there were leaseholder and tenant vacancies available to fill. So, it may be that members who were leaseholders did not vote like they did in the previous year. However this theory cannot be tested because the tenure details do not currently form part of the membership register. This theory can be tested when the tenure information is verified and becomes available. This would be looked at in 2016.

It is important to note that the Resident Capacity Building Training which provides a forum for prospective Board Members to explore becoming involved, had a successful turnout in 2015 however the residents that attended the training and were interested in becoming members were leaseholders hence, they were

ineligible to stand for election this year because there were no leaseholder vacancies.

- *Online voting:* The novelty of voting online may have worn off to some extent. At present, all members are sent a paper voting pack which contains a link to an online voting site and a unique voting code. Members would be more likely to vote online if they were sent an email containing a direct link to the voting site. KCTMO has already started trying to build up the number of email addresses held on the membership register in anticipation of exploring this avenue of communication.
- *Quota of re-electing Board Members:* Two of the three places up for election were in respect of vacancies that were eligible for re-election i.e. the places were held by retiring board members who were eligible for re-election. This is in comparison to two 'open' seats at the 2012 election and four 'open' seats at the 2013 election. There may have been less desire among active members to challenge sitting board members. This trend has been identified in previous elections where candidates who could stand again were on the whole re-elected. There was only one instance where this did not happen and that was in 2013. When we look at that year the issue appeared to be that while every other candidate increased their votes, one candidate did not. This would mean that the other candidates increased the pool of people who voted for them the second time around while the unsuccessful candidate did not.
- One of the candidates who contested in the 2015 election Maria had previously stood for election and although unsuccessful in two previous elections she built a bigger pool of supporters each time around. This is also reflected in the other successful candidates' record.

	<b>2012</b>	<b>2013</b>	<b>2015</b>
Tony Annis	495		675
Mary Benjamin	247		648
Maria Escudero Barbaza	143	354	476

- 2.5. As highlighted, irrespective of nomination and voting turnout the three successful candidates (Tony, Mary and Maria) each received more votes than in the previous elections, they partook in. This is partly a factor of having fewer candidates but those who voted for them still had the choice of not voting at all so they have each achieved a level of personal success.

### **3. AGM 2015**

- 3.1. The AGM 2015 was also successful with 100 members in attendance, and the meeting running to time, and keeping with the business in the agenda. However the voting turnout fell by 34% despite the discounting and voucher offers that were available made for voting.

3.2. The voting pattern over the last five years is as follows:

Year	No. of members (if known)	No. Of members voting	Increase in Turnout	Notes
2010		91		
2011	4,220	207	+ 116 (+ 127%)	UK Engage involved for first time
2012	4,205	468	+ 261 (+ 126%)	Redesigned voting papers. Introduction of Internet voting.
2013	4,256	681	+ 213 (+ 46%)	Redesigned AGM booklet. Test of Opinion questions incorporated with AGM voting papers for members.
2014	4,599	1,089	+ 408 (+ 60%)	No BM election. Telephone follow-up by Chloe Hayes and door-knocking work by UKE. 4 x £50 vouchers for voting by any method.
2015	5,099	724	- 365 (-34%)	Telephone follow-up by Chloe Hayes, Perkz offer for voting online, and 4 x £50 vouchers for postal voters.

3.3. Having looked at the voting pattern we believe that while the AGM vote has been increasing consecutively, the big jump in 2014 could be due to:

- having one election in that year;
- introducing online voting;
- undertaking door knocking to remind members to vote; and
- telephone calling to encourage members to vote.

#### 4. Board Member Election & AGM 2016

4.1. According to the provisions of the Articles of Association, the members of the Board are required to retire at the completion of three years from the date of their appointment to the Board.

In 2016, there will be seven Board members who are required to retire:

- 2 Tenant Board members (Fay Edwards and Anne Duru) who are eligible for re-election;
- 3 Leaseholders Board members (Deborah Price, Brendan Tracey and Kush Kanodia) who are eligible for re-election; and
- 2 Independents Board members (Peter Chapman and Simon Brissenden) both of whom are eligible to be re-appointed if the Board so decides, Peter Chapman for a further term of 2 years and Simon Brissenden for a further term of 3 years.

A Board Member election will be required to be undertaken in respect of the Resident Board members' vacancies arising in 2016.

## **5. Resident Board Representation**

- 5.1 The Constitution of the Company provides that the Board may consist of 6 tenants and 2 leaseholders, or 5 tenants and 3 leaseholders. In 2014, the Board agreed to move to a 6:2 representation following the change in status of Kush Kanodia from tenant to leaseholder. This meant a Resident Board membership category of 62.5% tenants and 37.5 % leaseholders.

The tenant and leaseholder population of the Company is 6836 tenants (72.6%) and 2584 leaseholders (27.4%). With the forthcoming 2016 election, the Board is invited to consider the proposal to undertake the 2016 Board Member Election on the principle of reverting back to a 6:2 resident board member representation which would result in a Resident Board membership of 75% tenants and 25% leaseholders. This would be more reflective of our customer base.

## **6. Developing Our Leaders**

- 6.1 As in previous years, the Company will provide a Resident Capacity Building Training ahead of the elections to provide a chance for prospective members considering board membership to find out more about being a Board Member.
- 6.2 Given that the number of residents in attendance at this training has dropped over the years, we have reviewed the position and we are proposing that the Company create and set up a Developing Leaders Programme.

This would be a joint program run by the Resident Engagement Team and the Company Secretariat to facilitate the engagement of residents and provide a route to becoming community leaders (including but not limited to leadership as a Board member). See section 5 to see more on the Developing Leaders Programme.

## **7. AGM and Board Election**

- 7.1. Members are a core component of the Company's existence as a Tenant Management Organisation hence the Board approved the 5-year Business Plan which included a membership growth strategy setting out the intention to grow the membership of the Company to approximately 6,500. Due to the size of the membership of the Company, the cost of undertaking a Board Member Election and an AGM is sizable and an increase in membership means an increase in the cost of undertaking these events.

Also, it has appears that members of the Company may be confused by the two separate voting exercises undertaken in any year which includes both a Board Election, and an AGM.

- 7.2. Having reviewed this we would like to recommend to Board to merge the two voting processes into one process which will give the company more time and energy to focus on one round of voting.
- 7.3. In the last few years we have run the AGM after the Residents conference which has been a great success. However we have had feed back from members wanting to physically attend the AGM have complained about the 4pm start time, that is currently

the norm for the meeting.

- 7.4. Having reviewed this we would like to recommend that the AGM moves to a morning slot before lunch during the conference. This would allow more flexibility and allow the conference to finish a bit latter. The new start time would also allow us to be innovative and propose that the Board members host a table during lunch which gives Board members a bigger profile and role during the day and we believe our residents and members would appreciate this opportunity meet their Board members.

## **8. KCTMO DEVELOPING LEADERS PROGRAMME**

- 8.1. The KCTMO Developing Leaders Programme is a training and development programme proposed to be introduced in 2016. It is intended to provide training and development courses for the Company's residents within which members of KCTMO who enrol in the programme will be identified and developed for Board Membership where the opportunity arises.
- 8.2. At the present time, the Resident Engagement Team run some training courses for residents, and the Company Secretariat runs the Resident Capacity Building Training and any specialist training required for Board member development. The Developing Leaders programme is intended to be a synergy between both resources with the goal of helping train and develop residents in aspects of skill, governance, and leadership. This would in turn give the Company a chance to have continuous succession to the Board from a pool of ready and willing candidates.
- 8.3. The Developing Leaders Program will be an overarching banner under which the Company provides a variety of training courses for residents including those who would like to be involved any of the governance structures such as RAs, Service Panels, and Board and Committee. There will be courses like Equality & Diversity, Committee skills, Effective Communication, Negotiating and Influencing, and Confidence Building. There will be courses not related to governance as well as long as they have a developmental benefit to any resident.
- 8.4. The training and development courses will be jointly run and provided with other housing providers within a network to which the Company is affiliated and this would help with the cost of running the programme and an additional benefit of giving the Company's residents the opportunity to network with residents outside of the Borough of Kensington and Chelsea.
- 8.5. The Resident Capacity Building Training for 2016 will be delivered by the Developing Leaders Programme in 2016 and it will be run as one training course with various components (made up of some existing courses already provided by the Resident Engagement team). The Resident Capacity Building Training will be as follows:
- (1) Introduction to KCTMO – February 2016
  - (2) Board & Committee Skills – March 2016
  - (3) Influencing & Negotiating - April 2016
  - (4) Effective Communication – May 2016
  - (5) Equality & Diversity - June 2016
  - (6) Board Member Election Matters – July 2016
- 5.6 It is suggested that the Board consider the possibility, in the future, to have nominations for election to the Board include a requirement to have successfully attended a number

of courses in the Developing Leaders programme. It is also envisaged that the programme will include an avenue to engage the youth in the borough however this will be considered at a future meeting of the Board.

## **9. CONCLUSION**

9.1. The Company is looking to review how it can maximise its existing resources and stretch further whilst still complying with its contractual and statutory obligations. As a result a number of proposals are being made as follows:

- i. run the 2016 Board member election on the principle of a 6:2 Resident Board membership;
- ii. merging the voting period of the Board member election and the AGM notice period;
- iii. set up and promote the KCTMO Developing Leaders Programme, and run the Resident Capacity Building Training under the auspices of the programme;
- iv. run the 2016 Election and Board on the timetable set out in 9.2 below;
- v. hold AGM with a 10am start time (as opposed to a 4pm start time); and
- vi. have the Board Members host lunch tables in the Residents' Conference 2016.

9.2. A 2016 Election and AGM timetable is proposed as follows;

- February 2016 - Resident Capacity Building Training
- 15 August 2016 - AGM Notice and Election Packs issued
- 19 August 2016 - Election Voting commences
- 15 September 2016 - Election Date
- 17 September 2016 - AGM 2016

9.3. The Board is requested to agree the recommendations on the first page of this report.

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA  
TENANT MANAGEMENT ORGANISATION LIMITED (the “Company”)**

<b>Confidential</b>	
<b>For Decision</b>	
<b>Board Report 26 November 2015</b>	
<b>Report title:</b>	New Committees’ Terms of References
<b>Authority for decision:</b>	The Board has the right to delegate its powers to a committee as they think fit according to the Articles of Association.
<b>Recommendations:</b>	<p>It is recommended that the Board consider, deliberate and comment on the revised terms of reference and thereafter pass a resolution in the following form:</p> <p>“The Board <b>RESOLVED TO:</b></p> <p>(i) agree and approve the adoption of the revised terms of reference for the Finance, Audit &amp; Risk Committees to the exclusion of any other versions; and</p> <p>(ii) agree and approve the adoption of the revised terms of reference for the Operations Committee to the exclusion of any other versions.”</p>
<b>Regulatory/legal requirements:</b>	It is best practice to review the governance documents its Committees on a regular basis to ensure that they are up-to-date, relevant, and reflect the agreed delegated powers and duties.
<b>Business Plan link:</b>	Not Applicable.
<b>Equality Impact Assessment/comment:</b>	Not Applicable.
<b>Resident consultation:</b>	Not Applicable.
<b>Resource implications/VFM statement:</b>	Not applicable.
<b>Risk:</b>	Not reviewing and amending (where applicable) the terms of reference of the Committees could cause the Board to be open to challenge in respect of its powers, duties and/or delegated authority.
<b>Appendices:</b>	6
<b>Name, position and contact details of author:</b>	Fola Kafidiya, Head of Governance & Company Secretary, Ext [REDACTED]

## **1. EXECUTIVE SUMMARY**

- 1.1 The' terms of reference for the Finance, Audit & Risk Committee and Operations Committee were last reviewed and approved by the Board in 2012. Since then the Company has evolved in its business and operations. As a result, it is proposed to adopt new terms of references for the committees which include provisions more closely reflective of best practice, the current operational structures and business areas of the Company, clear and extended delegated duties and powers of each committee, and the group status of the Company.

## **2. NEW TERMS OF REFERENCE**

### **2.1 OPERATIONS COMMITTEE**

- 2.1.1 The Operations Committee as a committee of the Board is not considered responsible for overseeing day-to-day operations, but rather deals with the operational functions of the Company's from a strategic level. The committee is expected to act on behalf of the Board to assess, consider and/or approve operational matters that are of strategic interest for the growth and development of the Company's and its business including performance monitoring, complaints, resident engagement activities, and operational policies.
- 2.1.2 The existing terms of reference (attached in Appendix 1) has been reviewed and new terms of reference (attached in Appendix 2) proposed. The key differences in the current terms of reference and the proposed terms of reference are:
- (i) amending the name of the committee to reflect its Group status.
  - (ii) a provision for the event that membership of the Committee falls below the minimum set by the Board.
  - (iii) a provision for a review of the membership of the committee in the event of termination, resignations or new appointments to the Board.
  - (iv) inserting an explicit provision that membership of the committee shall only be non-executive directors (i.e. board members only).
  - (v) inserting an explicit provision that the right to receive notice of and attend meetings is for the members of the Committee.
  - (vi) amending the right of appointment of the Chair and Vice-Chair to sit with the committee members.
  - (vii) inserting a provision to cover the eventuality that there are consecutive inquorate meetings.
  - (viii) Inserting a provision to allow electronic communication and decision-making by the committee;
  - (ix) increasing the minimum period of notice for convening additional meetings of the committee (from 48 hours to 3 working days);
  - (x) extending the powers of the committee to include:
    - receiving reports on resident engagement activities; and
    - approving the Complaints policy.
  - (xi) removing certain powers of the committee to be proposed to be reserved for the Board such as the monitoring of health & safety policies and

matters; and review of strategic delivery of leasehold services.

## **2.2 FINANCE, AUDIT & RISK COMMITTEE**

2.2.1 The Finance, Audit & Risk Committee as a committee of the Board is expected to provide assurance to the Board on the correctness of the financial statements; the adequacy of risk management; and the strength and appropriateness of control processes of the Company.

2.2.2 The existing terms of reference (attached in Appendix 3) has been reviewed and new terms of reference (attached in Appendix 4) proposed. The key differences in the current terms of reference and the proposed terms of reference are:

- (i) amending the name of the committee to reflect its Group status.
- (ii) a provision for the event that membership of the Committee falls below the minimum set by the Board.
- (iii) a provision for a review of the membership of the committee in the event of termination, resignations or new appointments to the Board.
- (iv) inserting an explicit provision that membership of the committee shall only be non-executive directors (i.e. board members only).
- (v) inserting an explicit provision that the right to receive notice of and attend meetings is for the members of the Committee.
- (vi) amending the right of appointment of the Chair and Vice-Chair to sit with the committee members.
- (vii) inserting a provision to cover the eventuality that there are consecutive inquorate meetings.
- (viii) Inserting a provision to allow electronic communication and decision-making by the committee;
- (ix) increasing the minimum period of notice for convening additional meetings of the committee (from 48 hours to 3 working days);
- (x) set out in clear separate sections, the various aspects of the finance, audit, and risk functions of the committee;
- (xi) extending the powers of the committee to include matters relating to fraud, whistleblowing and compliance (best practice would show that it is a function of the committee to attend to such matters); and
- (xii) including a provision for the eventuality of disputes within the committee.

## **3. CONCLUSION**

3.1 The Board is requested to consider the revised terms of reference (attached in the appendices to this report) and if agreed, pass the resolutions set out on the first page of this report.

## **TERMS OF REFERENCE FINANCE, AUDIT & RISK COMMITTEE**

### **1.0 Constitution**

- 1.1 The Finance, Audit & Risk Committee ("the Committee") is a Committee of the Board. The Committee shall have delegated authority in respect of those matters set out below, and any other matters specifically delegated to it by the Board on an ad-hoc basis. The members of the Committee shall at all times operate within the Constitution and the Standing Orders which these Terms of Reference form part.
- 1.2 These Terms of Reference take account of the Housing Corporation circular 07/07 which has now been withdrawn, the Financial Reporting Council Guidance on Audit Committees (2008), the Excellence in Governance Code for Members and Good practice Guide (2010), The Good Governance Standard for Public Services published by the Independent Commission on Good Governance Standards for Public Services (2004) and the UK Corporate Governance Code (2010).

### **2.0 Purpose**

- 2.1 The Committee shall approve the method of appointment and monitor the Terms of Reference, conduct and performance of the External Auditors following the appointment at the Annual General Meeting.
- 2.2 The Committee shall approve the appointment, Terms of Reference, conduct and performance of the Internal Auditors.
- 2.3 The Committee shall monitor the internal control of the organisation's activities and the review of internal control by Internal Audit and by other means.
- 2.4 The Committee shall monitor the scope and effectiveness of the systems established by management to identify and assess all material risks both financial and non financial.
- 2.5 The Committee shall consider and recommend the annual budgets in line with the company's business plan and prioritised objectives. The Committee will review, approve and monitor the quarterly management accounts and the annual budget prior to recommendation to the Board, and monitor its outcomes and review financial performance.
- 2.6 The Committee shall ensure there is an effective and consistent framework of Financial Regulations and that they are regularly

Approved by Board on 15<sup>th</sup> November 2013

reviewed, and any breaches of those regulations or exceptions are reported to the Committee.

- 2.7 The Committee will review the Annual Financial Statements and make a recommendation to the Board.

### **3.0 Membership**

- 3.1 The Committee Members shall be appointed by the Board and can include co opted appointments. Members shall be free from any relationship that would interfere with the exercise of independent judgement as Committee Members. The Committee will not include Executive Officers or the Chair of the Board; however they can attend meetings if required. Membership will end when the Member is no longer a Board Member, or in the case of Co-opted Members, when the Board removes the Member from the appointment to the Committee.
- 3.2 The Committee shall comprise a minimum of five and a maximum of seven Members.
- 3.3 At least one Member of the Committee should have significant, recent and relevant financial experience for example as an auditor, accountant or as a finance director of a company.

### **4.0 Chair**

- 4.1 The Committee shall have a Chair who shall be appointed (and removed) by the Board and shall be an elected Resident Board Member. The Chair will not be the Chair of the Board or an Executive. By exception the Chair of the Committee can request that another Member chairs the meeting to cover occasional absence.

### **5.0 Secretary**

- 5.1 The Company Secretary shall act as secretary to the Committee and attend all meetings providing support and advice as required. The Company Secretary will minute the proceedings and resolutions of all meetings of the Committee including recording the names of those present and in attendance. The Secretary will ascertain at the start of each meeting the existence of any conflicts of interest and minute these accordingly.

### **6.0 Quorum**

- 6.1 The quorum for a meeting shall be three members two of which must be resident Board members and one non-resident Board member. If the meeting is not quorate the Chair can take the

meeting through the business on the agenda however no decisions can be actioned until ratified by the Board or the next meeting of the Committee.

## **7.0 Meetings**

- 7.1 Meetings of the Committee will be summoned by the Company Secretary in line with the annual meeting schedule, or by the giving of at least 3 days notice at the request of the Board, the Committee Chair or any Member of the Committee. The Chief Executive or the Finance Director may request a meeting be conveyed through the Chair of the Committee.
- 7.2 The Committee shall meet a minimum of four times a year and additionally if required to consider significant items.
- 7.3 The Chair shall report formally to the Board on its proceedings (through minutes or other means as appropriate) after each meeting, reporting on decisions taken within its delegations and making whatever recommendations to the Board the Committee deems appropriate on any area outside its remit.
- 7.4 The Chair of the Committee shall provide a report on the Committee's activities annually to the Board to inform the annual Directors report and other assurances to the Board.
- 7.5 The Committee shall have access to independent assistance and advice, normally arranged through the Chair of the Board, who may be invited to the Committees meetings. The Committee is authorised to obtain at the company's expense, outside legal or professional advice in any matter within its Terms of Reference. The Committee should have access to sufficient resources in order to carry out its duties. The Committee shall instruct the Company Secretary should they wish to arrange for independent assistance or advice.
- 7.6 The Chief Executive, the Finance Director, the officer responsible for risk management and the Internal Auditors shall attend Committee meetings as required. At the request of the Committee Chair, other Directors and Officers may be requested to attend meetings in their entirety or for specific agenda items. Representatives of the External Auditors shall also be invited to attend as required.
- 7.7 The Committee should be provided with appropriate training both in the form of an induction programme for new members and on an ongoing basis for all members. At least once a year, the Committee should review its own performance and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers

Approved by Board on 15<sup>th</sup> November 2013

necessary to the Board for approval.

## **8.0 Duties and powers**

### **8.1 Internal Control**

The Committee will review and provide high level challenge to management with regard to risk management and internal control, monitoring the maintenance of an effective system of internal controls including internal financial control.

8.1.1 The Committee shall consider and make recommendations to the Board in relation to the annual statement of effectiveness on the systems of internal control. This is in the form of a business assurance report which is based on internal and external audit evidence together with managers self assessments.

8.1.2 The Committee shall consider, and report to the Board any control weaknesses identified by the External Auditor's "Management Letter".

8.1.3 The Committee shall check that weaknesses in control are being corrected within the agreed timescale.

8.1.4 The Committee shall commission any special investigations of matters of particular concern relating to internal control.

8.1.5 The Committee shall ensure the organisation complies with regulatory guidance relating to Internal Controls in legislation and good practice.

8.1.6 The Committee shall at least annually approve the list of authorised signatories and bank mandates.

### **8.2 Risk Management**

The Committee will review and monitor the scope and effectiveness of the systems established by management to identify and assess all material risks both financial and non financial. The Committee will provide challenge to the risk framework, risk strategy and risk policies to ensure that there is an adequate internal control system which reflects the nature, size and strategy of the organisation.

8.2.1 This review and monitoring will include:

- Recommending the Risk Strategy to the Board.
- Receiving and reviewing quarterly risk management reports.
- Preparing Recommending an the annual report to the Management Board summarising risk management activity,

Approved by Board on 15<sup>th</sup> November 2013

the work of the Committee in reviewing and monitoring that work and recommending any action.

- Recommending the annual assurance report to the Board.

### **8.3 Financial Management**

#### **8.3.1 The Committee shall:**

- Review the integrity of the annual financial statements and all material information presented and review significant financial reporting judgements contained in them.
- Review the consistency of and any changes to accounting policies on a year on year basis and the method used to account for significant or unusual transactions where different approaches are possible.
- Review whether the company has followed the appropriate accounting standards and made appropriate estimates and judgement taking into the account the views of the external auditors.
- Review the clarity of disclosure in the company's financial reports in the context in which statements are made.
- Consider and make recommendations to the Board that the statement on the Internal Control is appropriate and that the accounting policies used have been appropriately applied.
- Recommend for approval the annual accounts to the Board.
- The Chair of the Committee will attend the Annual General Meeting, recommending the accounts to Members and be available to support the Finance Director with questions from Members.

### **8.4 External Audit**

8.4.1 The Committee shall consider contractual term and methods of appointment of External Auditors or other advisers or consultants that it believes are required and should approve the terms of engagement and the remuneration to be paid to the external auditor in respect of audit services provided, ensuring it meets the requirements of the Modular Management Agreement. The appointment itself will be made at the Annual General Meeting.

8.4.2 The Committee shall monitor external audit output, quality and cost effectiveness of the audit. Every three years it will conduct a comprehensive review of the performance of the external auditor, and of the external audit appointment. It will draw any issues of significance to the attention of the Board.

8.4.3 The Committee will monitor and review the External Auditor's independence, objectivity and effectiveness on an annual basis, including reviewing any non audit services provided

Approved by Board on 15<sup>th</sup> November 2013

ensuring the external audit function remains the majority of the appointed auditors work. The Committee shall keep under review the relationship between the work of internal and external audit ensuring no conflicts of interest arise.

8.4.4 The Committee will approve all engagements of External Auditors for all work which falls outside the scope of the external audit. Such approval will ensure the following conditions are met:

- a. The products or services provided are on a single instance or single year basis.
- b. Cumulatively the combined cost of all such services does not exceed the amount of the audit fee.
- c. The nature of the additional products or services is such that it would be considered appropriate for the organisation to engage the external auditor to provide them.
- d. Any services costing more than £15,000 are evaluated for competitive pricing unless the context of the services or the urgency of the task prohibits this.
- e. There is no perceived or actual conflict of interest should the external auditor provide the proposed services.

Where all of the above conditions are not met the committee will refer the decision to the Board with their recommendations for further consideration and approval (if appropriate).

If the nature of such services is urgent the Chair of the Board or the Chair of the Committee is empowered to approve the engagement of such services on behalf of the organisation subject to the above conditions.

8.4.5 The Committee will approve the audit representation letters before signature by management.

8.4.6 The Committee shall review the response to any audit management letters, reports or investigations. The Committee will be made aware of any regulatory inspections that are carried out and the potential consequences on the risk profile.

8.4.7 The Committee shall raise with the external auditor any special areas of concern to be considered as part of the annual audit programme and keep under review the relationship between the work of the external and internal auditors.

8.4.8 The Committee shall meet with the external auditors without the presence of Executives or staff (with the exception of the

Company Secretary) at least once a year.

- 8.4.9 The Committee shall have primary responsibility for making a recommendation on the appointment, reappointment and removal of the external auditor. If the Board does not accept the committee's recommendation, it will include in the annual report and in any papers recommending appointment or reappointment, a statement from the committee explaining the recommendation setting out reasons why the Board has taken a different decision.

## **8.5 Internal Audit**

The committee shall overview the work of Internal Audit.

- 8.5.1 The Internal Auditor shall have a direct right of access to the Chair of the Board and to the Chair of the Committee to ensure that the function's independence can be preserved in all circumstances.
- 8.5.3 The Committee shall satisfy the Board that the Internal Audit function is sufficiently resourced, including approving the appointment or the termination of the contract, the terms of engagement and the remuneration to be paid.
- 8.5.4 The Committee shall consider the Internal Auditor's independence, objectivity and effectiveness on an annual basis.
- 8.5.5 The Committee shall review the planned programme of work of internal audit at least once a year by way of an audit needs assessment, ensuring that it is appropriate and performed to the Standards & Guidelines of the Institute of Internal Auditors UK.
- 8.5.6 The Committee shall receive and consider activity reports and reports of completed audits from internal audit explaining progress of internal audit work against plan, reasons for differences and corrective action taken, and major findings relating to control weaknesses, drawing particular attention to any situations where the management response has been inadequate. The Committee will review and monitor management's responsiveness to the findings and recommendations of the internal auditor.
- 8.5.7 The Committee may on occasion commission internal audit work directly on behalf of the Committee.
- 8.5.8 The Committee shall receive reports from management on all cases of actual and attempted fraud.

Approved by Board on 15<sup>th</sup> November 2013

- 8.5.9 The Committee shall meet with the Internal Auditors at least once per year without the Executive or staff present, (with the exception of the Company Secretary).

## **9.0 Whistle Blowing, Fraud & Hospitality**

- 9.1 The Committee will review and approve arrangements by which staff of the organisation may, in confidence raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters. It should satisfy itself that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow up action and that any matters relevant to its own responsibilities are brought to its attention. A review of arrangements should be carried out annually with any changes to the Whistle Blowing, Fraud & Hospitality Policies notified to all staff and Members.

## **10.0 Dispute**

- 10.1 In the case of dispute the Board decision shall be final. However, the Chair of the Committee shall have the right to report any such decision to the external auditors or where necessary to external regulatory body after discussion at the Board that this action is intended to be taken.

## **Version Control**

<b>Updated by</b>	<b>Updated on</b>	<b>Filename &amp; path</b>	<b>Status</b>
Angela Bosnjak-Szekeres	May 2011	T:\Company Secretary\New Company Secretary\2 Important Governance Documents\5 Terms of Reference	Approved by Board on the 26 <sup>th</sup> May 2011
Angela Bosnjak-Szekeres	July 2012	T:\Company Secretary\New Company Secretary\2 Important Governance Documents\5 Terms of Reference	
Angela Bosnjak-Szekeres	November 2012	T:\Company Secretary\New Company Secretary\2 Important Governance Documents\5 Terms of Reference	Approved by Board on the 15 <sup>th</sup> November 2013

Approved by Board on 15<sup>th</sup> November 2013

**GROUP FINANCE, AUDIT & RISK COMMITTEE (the “Committee”)**

**TERMS OF REFERENCE**

**1. Membership**

- 1.1 The Committee shall comprise at least five members and a maximum of seven members.
- 1.2 Members of the Committee shall be appointed by the Board.
- 1.3 The Committee will not include Executive Officers or the Chair of the Board; however they can attend meetings if required.
- 1.4 Only members of the Committee have the right to attend committee meetings. However, the Internal Auditor, External Auditor and Executive Director of Financial Services & ICT will be invited to attend meetings of the Committee on a regular basis and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.5 Appointments to the Committee shall be for a period of three years which may be extended for further periods of three years, provided the Board Member still meets the criteria for membership of the Board.
- 1.6 The Committee shall elect its Chairman and Vice-Chair who shall be a Resident Board Member.
- 1.7 In the absence of the Chairman or the Vice-Chair at a valid meeting of the Committee, the remaining members of the Committee present shall elect a member to chair the meeting.

**2. Secretary**

The Company Secretary or his or her nominee shall act as the secretary of the Committee.

**3. Quorum**

- 3.1 The quorum necessary for the transaction of business shall be three members of the Committee, one of whom shall be a Resident Board Member.
- 3.2 In the event that a meeting is not quorate, the Chair can take the meeting through the business on the agenda however no decisions can be actioned until ratified by the next meeting of the Committee or the Board.
- 3.3 In the event that the meetings of the Committee are inquorate for at least two consecutive meetings, the matters requiring the attention and consideration of the Committee shall be referred to the Board by any means considered necessary by the Secretary, in accordance with the provisions of the Constitution of the Company, for its consideration and/or approval.

#### **4. Frequency of Meetings**

- 4.1 The Committee shall meet at least four times a year at appropriate times as agreed by the members.
- 4.2 Further meetings may be convened by the secretary of the Committee at the request the Committee members or at the request of the Board, or the Executive Director of Financial Services & ICT if he or she considers a meeting necessary.

#### **5. Notice of Meetings**

- 5.1 Unless otherwise as agreed, the notice of a meeting in the annual meeting schedule shall be issued stating the date, venue, and time of the meeting, together with the agenda of the meeting, shall be issued to each member of the Committee, the Executive Directors of the Company and any other person required to attend, no later than five working days before the date of the meeting.
- 5.2 Any meeting convened by request outside of the annual meeting schedule shall give at least three working days notice.

#### **6. Location of Meetings**

- 6.1 The meetings of the Committee shall take place in an office of the Company or a location notified by the Secretary.
- 6.2 The members of the Committee shall be entitled to attend a meeting of the Committee by any video or teleconferencing facilities made available for the meetings. The requirement for such facility shall have been notified to the Secretary, by the member requesting it, at least 24 hours before the date of the meeting.

#### **7. Minutes of Meetings**

- 7.1 The secretary shall minute the proceedings of all meetings of the Committee, including recording the names of those present and in attendance.
- 7.2 Draft minutes of committee meetings shall be circulated to all members of the Committee for their approval. Once approved, the minutes should be circulated to all other members of the Board on a regular basis.
- 7.3 Final signed copies of the minutes of the meetings of the Committee should be maintained for the Group's records, in hard and soft copy where possible.

#### **8. Duties**

The Committee shall perform the duties below for the Company, and the group as a whole, as appropriate.

##### **7.1. Risk**

##### **8.1.1 The Committee shall:**

- (a) consider and approve the remit of the risk management function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The

Committee shall also ensure the function has adequate independence and is free from management and other restrictions;

- (b) consider, review, monitor and advise the Board on the Group's current risk exposures and its future risk strategy;
- (c) review the Group's capability to identify and manage new risk types;
- (d) advise the Board on risk aspects and implications for the risk appetite and tolerance of the Group in respect of proposed strategic transactions including existing and new business propositions, financial investment or divestment, acquisitions or disposals etc. ensuring that a due diligence appraisal is undertaken, and taking independent external advice where appropriate and available;
- (e) monitor the scope and effectiveness of the systems established by management to identify and assess all material risks both financial and non financial; and
- (f) review and approve the statements to be included in the annual report concerning internal controls and risk management.
- (g) Receive promptly all reports on the Group from the Executive Director of Financial Services & ICT.

## 8.2 Financial reporting

### 8.2.1 The Committee shall:

- (a) monitor the integrity of the financial statements of the Group, including its annual reports, management accounts, and any formal announcement relating to its financial performance, reviewing and reporting to the board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the External Auditor.
- (b) in particular, review and challenge where necessary:
  - i. the consistency of, and any changes to, significant accounting policies both on a year on year basis and across the group;
  - ii. the methods used to account for significant or unusual transactions where different approaches are possible;
  - iii. whether the Group has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the External Auditor;
  - iv. the clarity and completeness of disclosure in the Group's financial statements and the context in which statements are made; and
  - v. all material information presented with the financial statements, such as the strategic review and the audit findings.
- (c) report its views to the Board where the Committee is not satisfied with any aspect of the proposed financial reporting by the Group.

### 8.3. Compliance, Whistleblowing and Fraud

#### 8.3.1 The Committee shall:

- (a) review the adequacy and security of the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- (b) review the Group's procedures for detecting fraud;
- (c) review the Group's systems and controls for the prevention of bribery and receive reports on non-compliance;

### 8.4 Internal Audit

#### 8.4.1 The Committee shall:

- (a) consider and approve the appointment or termination of appointment of the Internal Auditors;
- (b) ensure the Internal Auditor has direct access to the Board chairman and to the Committee chairman, and is accountable to the Committee;
- (c) review and assess the annual internal audit work plan;
- (d) receive a report on the results of the Internal Auditor's work on a periodic basis;
- (e) review and monitor management's responsiveness to the Internal Auditor's findings and recommendations; and
- (f) monitor and review the effectiveness of the Group's internal audit function, in the context of the Group's overall risk management system.

### 8.5 External audit

#### 8.5.1 The Committee shall:

- (a) consider and make recommendations to the Board, to be put to members for approval at the AGM, in relation to the appointment, re-appointment and removal of the Group's External Auditor;
- (b) ensure that at least once every ten years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent External Auditor with those of other audit firms; and in respect of such tender oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process;
- (c) if the External Auditor resigns, investigate the issues leading to this and decide whether any action is required;

(d) oversee the relationship with the External Auditor including (but not limited to):

- i. assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the External Auditor as a whole, including the provision of any non-audit services;
- ii. satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Group (other than in the ordinary course of business) which could adversely affect the External Auditor's independence and objectivity;
- iii. meet with the External Auditor at least once a year, without management being present, to discuss the External Auditor's remit and any issues arising from the audit;
- iv. review and approve the annual audit plan; and
- v. review the findings of the audit with the External Auditor. This shall include but not be limited to, the following:
  - a discussion of any major issues which arose during the audit;
  - key accounting and audit judgements;
  - levels of errors identified during the audit; and
  - the effectiveness of the audit process.

8.5.2 The Committee shall also:

- (a) review any representation letter(s) requested by the External Auditor before they are signed by management;
- (b) review the management letter and management's response to the auditor's findings and recommendations; and
- (c) monitor the supply of non-audit services by the External Auditor to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter.

## 8.6 Financial Planning

8.6.1 The Committee shall consider and recommend the Company's and the Group's annual budgets in line with the Group's Business plan and prioritised objectives.

8.6.2 The Committee will review, approve and monitor the quarterly management accounts and the annual budget prior to recommendation to the Board, and monitor its outcomes and review financial performance.

## 9. **Reporting Responsibilities**

9.1 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

9.2 The minutes of each meeting of the Committee shall be issued to the Board for formal reporting purposes.

## **10. Other Matters**

### **10.1 The Committee shall:**

- (a) have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- (b) be provided with appropriate and timely training, on an ongoing basis for all members; and
- (c) oversee any investigation of activities which are within its terms of reference.

## **11. Authority**

### **11.1 The Committee is authorised:**

- (a) to seek any information it requires from any employee/director of the Group in order to perform its duties;
- (b) to obtain, at the Group's expense, external legal or other professional advice on any matter within its terms of reference where required;
- (c) to request the attendance of any employee at a meeting of the Committee as and when required; and
- (d) call any employee to be questioned at a meeting of the Committee as and when required.

## **12. Dispute**

In the case of dispute the Board decision shall be final. However, the Chair of the Committee shall have the right to report any such decision to the External Auditors or where necessary to external regulatory body after discussion at the Board that this action is intended to be taken.

## **TERMS OF REFERENCE OF THE OPERATIONS COMMITTEE**

### **1.0 Constitution**

- 1.1 The Operations Committee (the 'Committee') is a Committee of the Board. The Committee shall have delegated authority in respect of those matters set out below, and any other matters specifically delegated to it by the Board on an ad-hoc basis. The Members of the Committee shall at all times operate within the constitution of the KCTMO, and the Standing Orders of the organisation of which these Terms of Reference form part.

### **2.0 Purpose**

- 2.1 To consider key strategic issues that affect the operational aspects of the KCTMO, including performance management, progress against the business plan, project updates, procurement, asset management and monitoring and delivery of the Health and Safety Strategy/Policy.

### **3.0 Membership**

- 3.1 Committee Members will be appointed by the Board and shall be a minimum of seven with at least one Council and one Appointed Board Member, and will be selected where possible on the basis of their expertise and experience in the areas delegated to the Committee.
- 3.2 The Board will review the membership of the Committee yearly after the elections for resident Board members to ensure that the most appropriate members are appointed in line with the skills required. The time of serving on the Committee shall run conterminously with the Board's membership on the Board.

### **4.0 Chair**

- 4.1 The Board shall appoint the Chair, who shall be a Resident Board Member. By exception the Chair of the Committee can request that another Member chairs the meeting to cover occasional absence.

### **5.0 Secretary**

- 5.1 The Company Secretary shall act as Secretary to the Committee and attend all meetings providing advice and service as required.

Agreed by the Board 26<sup>th</sup> July 2012

## **6.0 Quorum**

6.1 The quorum necessary for the transaction of business shall be five, to include one Independent or Council Appointed Board Member. If the meeting is not quorate the Chair can take the meeting through the business on the agenda however no decisions can be actioned until ratified by the Board or the next meeting of the Committee.

## **7.0 Meetings**

7.1 Meetings of the Committee shall be summoned by the Company Secretary, giving not less than 48 hours notice, at the request of the Board, the Chair of the Board or by the Executive Team.

7.2 The Committee shall meet not less than quarterly and more often if required.

7.3 The Committees Chair shall report formally to the Board on its proceedings through minutes or other appropriate methods with recommendations where appropriate.

## **8.0 Duties and Powers**

8.1 The Committee shall have delegated powers:

- i) To monitor the implementation and progress against key milestones of the operational aspects of the Business Plan and service improvement plans.
- ii) To assess value for money and the efficiency of the business and make recommendations to the Board.
- iii) Review and assess staffing and restructuring plans relating to operational delivery and make recommendations to the Board.
- iv) Review and approve operational non statutory policies
- v) Monitor and review equalities and diversity aspects of service delivery
- vi) Monitor the progress and performance of the capital works programme
- vii) Review, challenge and monitor key performance indicators and benchmarking and make recommendations to the Board.
- viii) Review the strategic delivery of leasehold services, including consultation, involvement, RTB and non statutory procedural matters, income and service charge collection and LSVT challenges.

Agreed by the Board 26<sup>th</sup> July 2012

- ix) Review and monitor the Asset Management Strategy objectives and implementation plans and make recommendations to the Board for approval.
- x) Review and monitor the Procurement Strategy and implementation plans and make recommendations to the Board for approval.
- xi) Monitor the progress and performance of capital and revenue programmed works and revenue service accounts.
- xii) Scrutinise the procurement and approve contracts between £500,000 and £1,000,000 in accordance with the Financial Regulations
- xiii) Scrutinise the procurement of contracts over £1,000,000 and make recommendations to the Board for approval.
- xiv) Monitor the organisations Health and Safety Policies to ensure the Board receives assurances that the TMOs contractors, residents and public policies are robust and ensure any action required is taken quickly and the board is made aware of risks.
- xv) Ensure any new or increasing risks profiles from the operational delivery of services is fed into the risk strategy and reported to the Finance, Audit and Risk Committee and the Board.
- xvi) Monitor the Complaints Policy in relation to operational matters receiving reports on outcomes and lessons learnt.
- xvii) To evaluate the submissions from the ARBs, RA's and Compacts for the RBKC Housing Regeneration Programme funding, using the Councils criteria to evaluated bids and make recommendations to the Council on funding programmes and to receive updates on progress against the approved programme.

Agreed by the Board 26<sup>th</sup> July 2012

**GROUP OPERATIONS COMMITTEE (the "Committee")**

**TERMS OF REFERENCE**

**1. Membership**

- 1.1 The Committee shall comprise of a minimum of seven members with at least one Council-Nominated Board Member and one Independent Board Member.
- 1.2 Members of the Committee shall be appointed by the Board, for a period of three years, which may be extended by no more than two additional three-year periods, in so far as the members continue to be eligible to be members of the Board.
- 1.3 In the event that the membership of the Committee falls below seven, and no appointments are made to the Committee according to these terms of reference, all of the matters falling within the duties of the Committee shall revert to the remit of the Board, for consideration and approval, until the membership of the Committee is duly constituted.
- 1.4 Members of the Committee shall be appointed by the Board on the basis, where possible, of their expertise and experience.
- 1.5 The Board shall review the membership of the Committee in any year where there has been retirement(s) or resignation(s) from the membership of the Committee, or election and appointment of Resident Board member(s), or appointment of new Council-Nominated Board Member(s).
- 1.6 The Committee will not include Executive Officers; however, members of the Executive Team will be invited to attend meetings of the Committee on a regular basis and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.7 Only members of the Committee have the right to receive notice of and attend Committee meetings.
- 1.8 The Committee shall elect its Chair and Vice-Chair who shall both be a Resident Board Member.
- 1.9 In the absence of the Chairman or the Vice-Chair at a valid meeting of the Committee, the remaining members of the Committee present shall be entitled to elect a member of the Committee to chair the meeting.

**2. Secretary**

The Company Secretary or his or her nominee shall act as the secretary of the Committee.

**3. Quorum**

- 3.1 The quorum necessary for the transaction of business shall be five members of the Committee, which shall include one Independent and one Council-Nominated Board

Member. Any attendance by video or teleconferencing facility shall count towards the quorum of the meetings for the period of such attendance.

- 3.2 In the event that a meeting is not quorate, the chair can take the meeting through the business on the agenda however no decisions and/or resolutions shall be passed. Any decisions to be considered shall be adjourned to the next quorate meeting of the Committee.
- 3.3 In the event that the meetings of the Committee are inquorate for at least two consecutive meetings, the matters requiring the consideration and/or approval of the Committee shall immediately be referred to the Board for consideration and/or approval by such means allowed according to the Constitution of the Company.

#### **4. Frequency of Meetings**

- 4.1 The Committee shall meet at least four times a year at appropriate times as agreed by the members.
- 4.2 Further meetings may be convened by the secretary of the Committee at the request of the Committee members or at the request of the Board, or the Executive Director of Operations if he or she considers a meeting necessary.

#### **5. Location of Meetings**

- 5.1 The meetings of the Committee shall take place in an office of the Company or a location notified by the Secretary.
- 5.2 The members of the Committee shall be entitled to attend a meeting of the Committee by any video or teleconferencing facilities made available for the meetings. The requirement for such facility shall have been notified to the Secretary, by the member requesting it, at least 24 hours before the date of the meeting.

#### **6. Notice of Meetings**

- 6.1 Unless otherwise as agreed, the notice of a meeting shall state the date, venue, and time of the meeting, together with the agenda of the meeting, and shall be issued to each member of the Committee, the Executive Directors of the Company and any other person required to attend, no later than five working days before the date of the meeting.
- 6.2 Any meeting convened by request outside of the agreed annual schedule shall give at least three working days notice.

#### **7. Minutes of Meetings**

- 7.1 The secretary shall minute the proceedings of all meetings of the Committee, including recording the names of those present and in attendance.
- 7.2 Draft minutes of committee meetings shall be circulated to all members of the Committee for their approval. Once approved, the minutes should be circulated to the Board on a regular basis.
- 7.3 Final signed copies of the minutes of the meetings of the Committee should be maintained for the Company's records, in hard and soft copy where possible.

## **8. Duties**

- 8.1 The Board shall retain the responsibility for approving the matters set out in the Board Reserved Matters policy.
- 8.2 The Committee shall have the delegated powers in respect of the Company as a group, to:
- (a) ensure that the Company operationally functions in a timely and efficiently manner in the delivery of its services to customers and shall escalate any operational risk matters to the Finance, Audit & Risk Committee or the Board as may be required;
  - (b) monitor the operational performance delivered for and by the Company reviewing, challenging and monitoring such performance against the key performance indicators set for and by the Company;
  - (c) receive regular reports on the operational performance against the key performance indicators, and the Business Plan set and agreed by the Board;
  - (d) consider, review and assess the efficient allocation of the Company's operational resources for the delivery of its services, and make recommendations to the Board for its consideration on such matters;
  - (e) receive, view and approve any non-statutory operational policies relating to the Company's business and the delivery of its services;
  - (f) monitor and ensure that the operational delivery of services comply with the Company's equality and diversity obligations;
  - (g) monitor the operational progress and performance in relation to the delivery of the capital works programme;
  - (h) receive and review the operational delivery of home ownership services, including income and service charge collection, consultation, and non-statutory operational matters;
  - (i) receive, review and consider asset management strategic proposals and plans and make recommendations to the Board for its consideration and approval;
  - (j) authorise and approve the procurement and award of contracts relating to the Company's operations in accordance with its delegated limits set out in the Procurement Policy and Contract Regulations;
  - (k) ensuring that any new or increasing risks arising in the course of the operational delivery of the Company's services is reported to the Finance, Audit and Risk Committee and the Board;
  - (l) consider and approve the Company's Complaints Policy and any processes for the handling of dissatisfaction on the Company's services;
  - (m) receive regular updates on the Company's complaints handling processes;

- (n) receive, consider and approve any individual operational project undertaken by the Company according to the Company's Procurement Policy and/or Contract Regulations;
- (o) receive, and consider any operational project undertaken by the Company over and above the Committee's authorised threshold as set out in the Company's Procurement Policy and/or Contract Regulations and make recommendations to the Board for its consideration and approval;
- (p) consider, evaluate, and approve proposals and/or investment in engagement of resident activities of the Company; and
- (q) receive regular reports on the engagement of residents in the Company's services.

## **9. Reporting Responsibilities**

- 9.1 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.2 The minutes of each meeting of the Committee shall be issued to the Board for formal reporting purposes.

## **10. Other Matters**

- 10.1 The Committee shall:
  - (a) have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
  - (b) be provided with appropriate and timely training, on an ongoing basis for all members; and
  - (c) oversee any investigation of activities which are within these terms of reference.

## **11. Authority**

- 11.1 The Committee is authorised:
  - (a) to seek any information it requires from any employee/agent/contractor of the Company in order to perform its duties;
  - (b) to obtain, at the company's expense, external legal or other professional advice on any matter within these terms of reference where required;
  - (c) to request the attendance of any employee at a meeting of the Committee as and when required; and
  - (d) call any employee to be questioned at a meeting of the Committee as and when required.

## **12. Dispute**

In the case of dispute on any matter within the Committee, the matter shall be referred to the Board and shall be entitled to make a decision which shall be final.

DRAFT

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA  
TENANT MANAGEMENT ORGANISATION LIMITED ("TMO")**

<b>Confidential</b>	
<b>For Discussion</b>	
<b>Board Report 26 November 2015</b>	
<b>Report title:</b>	Board Committee Membership
<b>Authority for decision:</b>	The Board has the right to delegate its powers to a committee as they think fit according to the Articles of Association.
<b>Recommendations:</b>	It is recommended that the Board review the membership of its committees and where applicable, agree to appoint additional member(s) to the committee(s).
<b>Regulatory/legal requirements:</b>	The Board has the powers to appoint any committees as it considers necessary to carry out its business.
<b>Business Plan link:</b>	NA
<b>Equality Impact Assessment/comment:</b>	NA
<b>Resident consultation:</b>	NA
<b>Resource implications/VFM statement:</b>	NA
<b>Risk:</b>	NA
<b>Appendices:</b>	3
<b>Total number of pages including appendices:</b>	2
<b>Name, position and contact details of author:</b>	Fola Kafidiya, Head of Governance & Company Secretary

## 1. SUMMARY

- 1.1. This report invites the Board to consider the membership of its committees as outlined in this report and decide, where applicable, to appoint additional member(s) to its committees.

## 2. REPORT

- 2.1. The Board has delegated powers to three committees: Finance, Audit & Risk Committee; Operations Committee; and Appointments and Remuneration Committee, as set out in respective terms of references, as revised and considered for approval by the Board at the current meeting.
- 2.2. The current membership of each of the Committees is as follows:

<b>Finance, Audit &amp; Risk Committee</b>	<b>Operations Committee</b>	<b>Appointments &amp; Remuneration Committee</b>
Mary Benjamin	Simon Brissenden	Anthony Preiskel
Anne Duru	Tony Annis	Cllr Maighread Condon-Simmons
Jeff Zitron	Cllr Judith Blakeman	Fay Edwards
Anthony Preiskel	Fay Edwards	
Kush Kanodia	Kush Kanodia	
	Peter Chapman	
	Brendan Tracey	
	Deborah Price	
	Mary Benjamin	

- 2.3. The revised nominated membership is as follows:

<b>Finance, Audit &amp; Risk Committee</b>	<b>Operations Committee</b>	<b>Appointments &amp; Remuneration Committee</b>
Jeff Zitron	Tony Annis	Anthony Preiskel
Anthony Preiskel	Cllr. Judith Blakeman	Cllr. Maighread Condon-Simmons
Kush Kanodia	Paula Fance	Fay Edwards
Simon Brissenden	Kush Kanodia	
Maria Escudero-Barbaza	Peter Chapman	
Deborah Price	Maria Escudero-Barbaza	
Anne Duru	Fay Edwards	
	Mary Benjamin	

- 2.4. The Board is invited to consider the nominations presented in 2.3 above and upon considering the appropriateness of the skills and expertise of the members nominated for the respective committees, agree the memberships of the Committees.

### **3. CONCLUSION**

- 3.1. The Board is requested to consider and agree to the recommendations on the first page of this report. Each of the Committees will elect a Chair and Vice-Chair at their next scheduled meeting.

## Board Meeting Dates 2016

TMO BOARD	FINANCE, AUDIT AND RISK COMMITTEE	OPERATIONS COMMITTEE
<p>Monday 4 January 2016</p> <p>Thursday 31 March 2016</p> <p>Thursday 26 May 2016</p> <p>Thursday 20 July 2016</p> <p>Thursday 29 September 2016</p> <p>Thursday 24 November 2016</p>	<p>Thursday 13 April 2016</p> <p>Thursday 7 July 2016</p> <p>Thursday 19 October 2016</p> <p>Thursday 7 December 2016</p>	<p>Thursday 28 January 2016</p> <p>Thursday 5 May 2016</p> <p>Thursday 28 July 2016</p> <p>Thursday 27 October 2016</p>
APPOINTMENTS PANEL	BOARD AWAY DAY	
<p>Wednesday 19 May 2016</p> <p>Wednesday 16 November 2016</p>	<p>Friday 10 June 2016</p> <p>Friday 28 October 2016</p>	

**KENSINGTON & CHELSEA TMO REPAIRS DIRECT LIMITED**  
(the 'Company')

Minutes of a meeting of the Board of the Directors (Board)  
held on the 17 September 2015 at 5.00 pm  
at 346 Kensington High Street, London W14 8NS

**PRESENT:**

<b>DIRECTORS</b>	Barbara Matthews	Chair
	Sacha Jevans	
	Eman Yosry	

<b>IN ATTENDANCE</b>	Paul Gevaux	Interim Managing Director
	Gill Petford	Executive Manager (Minutes)

**1. NOTICE, APOLOGIES AND QUORUM**

- 1.1 The Board **RESOLVED TO** appoint Barbara Matthews to chair the meeting.
- 1.2 The Board noted that notice had been given to the directors entitled to receive notice and attend the meeting.
- 1.3 The Board further noted that the meeting was quorate in accordance with the Articles of Association of the Company.

**2. MINUTES OF THE MEETING HELD ON 20 JULY 2015**

- 2.1 The Board considered the minutes for the meeting held on 20 July 2015 and **RESOLVED TO** approve the minutes as a true and accurate record of the meeting subject to noting the presence of Rupa Bhola at the meeting.

**3. MATTERS ARISING**

- 3.1 The Board noted the presence Eman Yosry at the meeting and extended a welcome to her.
- 3.2 It was noted that Barbara Matthews, Rupa Bhola and Sacha Jevans had met to discuss the proposed cost model for the Company and further work was required to finalise the model. It was confirmed that this was an outstanding action item.

**4. DECLARATIONS OF INTEREST**

- 4.1 The Directors present confirmed that they had no interests to disclose.

## 5. **DIRECTOR APPOINTMENT**

- 5.1 The Board was reminded that it had proposed the appointment of Eman Yosry to the Board, to the parent board. The parent company had approved the appointment and passed the requisite shareholder's resolution on 23 July 2015.
- 5.2 Consequently the Board was invited to note the appointment approval and approve the entries in the company registers following the appointment. The Board **RESOLVED TO:**
- (i) note the approval and appointment, by the shareholder, of Eman Yosry to the Board with effect from 1 September 2015; and
  - (ii) authorise the company Secretary to update the statutory registers in respect of the appointment.

## 6. **MANAGING DIRECTOR'S REPORT**

- 6.1 Paul Gevaux presented the Managing Director's report which gave an update on the activities and performance of the Company for the period under review.
- 6.2 The Board considered the action plan which had been updated as part of a regular review. Paul Gevaux extended an invited to Eman Yosry to spend a day being introduced to the team.
- 6.3 It was highlighted that the consultation on the new employee structure has commenced and would be concluded on 21 September 2015. The Board considered the proposed structure and the rationale for the change proposed.
- 6.5 The report highlighted that there was a continuous improvement on the performance against the key performance indicators. Sacha Jevans questioned why there has been a slight rise on the percentage of responsive repairs completed in target (non emergency) and Paul confirmed that this was because of the holiday period and recruitment issues however performance was back on target at the time of the meeting.
- 6.6 Barbara Matthews requested that complaints and compliments should be included in the key performance indicators being presented. It was agreed that Paul Gevaux would present some trend graphs at a future meeting of the Board.
- 6.7 The Board **AGREED TO** note the contents of the report.

## 7. **FINANCIAL REPORT – Q1 2015/16**

- 7.1 Rupa Bhola presented the update report on the financial position of the Company for the first quarter of 2015/16.
- 7.2 Rupa Bhola highlighted the following:
- the year to date profit was £4k against the forecast of £40k. This adverse variance was due to the changes in the management team and new processes implemented.

- actual income was £134k better than the revised forecast in the budget.
- actual staff costs were £57k above the revised forecast in the budget. This was as a result of the interim management brought in to implement the changes.

7.3 Sacha Jevans questioned the level of work in progress jobs and what was being done to reduce this.. Rupa Bhola noted that the team were looking at the historical jobs currently at 2,300 to review the position and it was agreed that, between the Finance team and the Management team; the jobs would be reviewed and reduced where possible. In addition it was agreed that the work in progress reporting would include an aged analysis to enable the Board to understand if the jobs were current or historic. Paul Gevaux also confirmed that his team were looking into the systems processing of these historical jobs.

7.4 Sacha Jevans queried the use of subcontractors. Paul Gevaux stated that there were new sub-contractors being used because existing subcontractors were not delivering on quality. The new sub-contractors understood the work and should deliver on quality. Paul Gevaux noted that at the time he started, the work was split 50/50 between the direct work force and subcontractors; however this was now at 60/40.

7.5 Eman Yosry questioned if there was a procedure in place to choose new contractors. Paul Gevaux responded that there was a good process in place, whereby all their pre-qualification forms were vetted to check their capability and financial standing before being added to the approved list.

7.6 The Board **AGREED TO** note the contents of the report.

## 8. **AOB**

### 8.1 Recruitment of the New Board Chair

8.1.1 Barbara Matthews noted that the parent board has agreed to recruit a new Board Chair by placing an advert which was being drafted. It was intended to seek someone with a commercial experience of running a repairs operation or property services.

8.1.2 The Board **AGREED TO** advertise for the position of Chair of the Board and offer remuneration of up to £6k for the role in order to attract someone with the right skills as it was a key role.

8.2 Eman Yosry stated that in talking to residents, she did not feel that they understood the difference between the parent company and the Company. This was discussed and Sacha Jevans suggested placing an article in the Link explaining the difference.

## 9. **DATE OF NEXT MEETING**

9.1 The next meeting is on 3<sup>rd</sup> December 2015. The meeting closed at 6.00pm