

**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 31 March 2016 at 6:30pm
at Board Room, 346 Kensington High Street, London W14 8NS

Agenda Item	Report Name	Presenter	Action	Enclosure
PART A -- OPEN				
1.	Notice, Apologies and Quorum	Chair	-	-
2.	Declarations of Interest*	Chair	-	-
3.	Minutes of the meeting held on 4 January 2016	Chair	Decision	√
4.	Performance Report & KPI Targets 2016/17	Performance Manager	Discussion	√
5.	Housing Energy Strategy	Director of Assets & Regeneration	Discussion	√
6.	Water Management Policy	Executive Director of Operations	Decision	√
PART B - CONFIDENTIAL				
7.	Minutes of Confidential Meeting held on 4 January 2016	Chair	Decision	√
8.	Matters Arising	Chair	Discussion	√
9.	Chief Executive's Report	Chief Executive	For Information	√
10.	Grenfell Tower Review Update	Paula Fance	For Information	√
11.	Group Budget Monitoring Report	Assistant Director of Financial Services	For Information	√
12.	Capital Programme Update	Director of Assets & Regeneration	For Information	√
13.	Contract Award Approvals: i. External Decoration ii. Lifts' Renewal	Director of Assets & Regeneration	Decision	√

14.	RD Board Appointment	Company Secretary	Decision	√
15.	Board Remuneration	Company Secretary	Discussion	-
16.	Committees' Update	Company Secretary	For Information	√
17.	Subsidiary Update	Company Secretary	For Information	√
18.	AOB	Chair	-	-
19.	Date of the next meeting – 28 May 2016	-	-	-

Notes:

- (1) Board Members should send in their apologies to the Company Secretary by email or by calling on [REDACTED]
- (2) * 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.
- (3) * 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 4 January 2016 at 6.30 pm
at 346 Kensington High Street, London W14 8NS

PRESENT:

Resident Board Members	Fay Edwards Tony Annis Anne Duru Brendan Tracey Kush Kanodia Deborah Price	- Chair
-------------------------------	---	---------

Council-Nominated Board Members	Cllr Maighread Condon-Simmonds Jeff Zitron Paula Fance Cllr Judith Blakeman
--	--

Independent Board Members	Peter Chapman
--------------------------------------	---------------

APOLOGIES:	Maria Escudero-Barbaza Mary Benjamin Anthony Preiskel Simon Brissenden
-------------------	---

IN ATTENDANCE:	Robert Black Yvonne Birch Barbara Matthews Sacha Jevans Rupa Bhola Fola Kafidiya-Oke Peter Maddison Gill Petford Daniel Asamoah	Chief Executive Executive Director of People & Performance Executive Director of Financial Services & ICT Executive Director of Operations Assistant Director, Financial Services Head of Governance & Company Secretary Director of Assets and Regeneration Executive Manager Minutes
-----------------------	---	--

1. NOTICE, APOLOGIES AND QUORUM

- 1.1 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 have been received from Mary Benjamin, Maria Escudero-Barbaza, Anthony Preiskel, and Simon Brissenden.
- 1.3 The meeting was quorate according to the provisions of the Articles of Association of the Company.

2. DECLARATION OF INTEREST

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

3. MINUTES OF PREVIOUS MEETING

- 3.1 The Board agreed that the minutes of the open section of the Board meeting held on 26 November 2015 was a correct and accurate record of the meeting, subject to:
 - the amendment of the first sentence in paragraph 6.4 to read, in its entirety "*Kush Kanodia commented on the time lag between the signage being put up and its go-live date, in particular, and reiterated that this should be communicated.*"
 - the insertion of Cllr. Judith Blakeman under the apologies section.

The Board **RESOLVED TO** approve the minutes of the meeting.

4. MATTERS ARISING

- 4.1 The Board noted the update on the actions outstanding from the previous meetings.

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

Open	
For information	
Board	
Report title:	Performance Update (December 2015)
Authority for decision:	The Board has ultimate responsibility for the performance of the organisation.
Recommendations:	That the Board note the contents of the report.
Regulatory/legal requirements:	The Board has a duty to promote the success of the Company by monitoring its performance against the agreed KPIs.
Business Plan link:	Developing organisational competence.
Equality Impact Assessment/comment:	There are no equality implications.
Resident consultation:	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.
Resource implications/VFM statement:	We are committed to achieving top quartile performance with value for money
Risk:	Decline in organisational performance could result in could result in reputational risk and action from RBKC.
Appendices:	2
Total number of pages including appendices:	17
Name, position and contact details of author:	Yvonne Birch Executive Director of People & Performance, [REDACTED]

PERFORMANCE UPDATE – QUARTER 3 (2015-16)

Purpose

The purpose of this report is to advise the Board of the TMO's performance for the period April – December 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 During the quarter Repairs Direct completed 608 emergency responsive repairs, 3443 non-emergency repairs and 54 void works orders.
- 3.2 Of these, 98.03% of emergency repairs, 95.15% of non-emergency repairs, and 98.15% of voids repairs were completed in target. All three areas have shown improved performance when compared to the previous quarter.
- 3.3 Quality measures have also seen positive trends with recalls at 0.47% and post inspection pass rates at 96.41%, both exceeding set targets.

4 Voids & Lettings

- 4.1 During the third quarter there were 41 re-lets of general needs homes and seven new lets (Whistler Walk).
- 4.2 We achieved an average re-let period for minor works of 19.31 days, against a target of ≤ 23.0 days.
- 4.3 Void loss also remains well within target at 0.73%, a slight increase reflecting the slow down of allocations in late December due to the Christmas holiday.

5 Gas Compliance

- 5.1 Gas compliancy at the end of December was 100% for the third consecutive month.

- 5.2 Warrants continue to be sought where access unreasonably withheld, with the No Access policy continuing to work well.

6 Capital Programme

- 6.1 Spend to the end of December is £5.48 million.
- 6.2 As detailed in the Capital Programme Update Report to the Operations Committee in January, the budget for 2015-16 has been reduced to £11.5m with the balance transferred to the 2016-17 programme.

7 Rent Collection

- 7.1 Following the Christmas period current tenant rent arrears rose, ending the quarter at £1,224,866. The increase reflects standard trends for the holiday both, both for the TMO and the sector as a whole.
- 7.2 Issues remain with RBKC's Agresso financial system but the impact of these is reducing.
- 7.3 Two new members of staff joined the Rent Income team at the beginning of January and spent the month undergoing induction and training. These new joiners replace staff members that have previously left the TMO.
- 7.4 Performance continues to be reviewed on a weekly basis in an effort to reduce arrears and consideration is being given to options such as flexible working to enable contact with residents later in the evenings in order to maximise opportunities to reduce arrears before year end.

8 Home Ownership

- 8.1 As with the Rent Income team, income collection performance for the Home Ownership team has been affected by the problems with RBKC's financial system, Agresso, in particular, the ability to refer debts to litigation as officers cannot be sure that the current balances are accurate.
- 8.2 Measures are in place in order to try and minimise the impact this is having and as a result there have been improvements in collection, as evidenced in the reduction of service charge arrears at the end of Q3 compared to Q2.

9 Corporate Property

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

10 Anti Social Behaviour

- 10.1 The table below shows the number of new cases opened in Q3, together with the number closed and the number live at December end.

Information on the previous quarter and the same period in 2014-15 is also shown.

	Q3 (14-15)	Q2 (15-16)	Q3 (15-16)
New cases	45	93	42
Closed cases	41	73	64
Live cases	62	144	120

10.2 There has been a drop in the number of new cases reported; however, this is comparative to trends during the same period last year.

10.3 At 52.4% of all new cases, noise nuisance is the most common ASB complaint.

10.4 During the last quarter seven satisfaction surveys were completed. The number of completed surveys when compared to the number of closed cases is low which may be a result of officers not automatically requesting that a survey be sent out following closure. We have amended the ASB process to ensure that generating a survey is a mandatory process to ensure that surveys are not omitted in error and hope that this will increase responses rates going forward.

10.5 Between October a number of actions have been undertaken to address ASB. These include:-

- 7 signed Acceptable Behaviour Agreements
- 22 referrals to outside agencies including Police, Environmental Health, Tenancy Support Services and Social Services
- 6 referrals to the mediation service
- 1 application to Court
- 2 NOSPs

11 Resident Engagement

11.1 All quarterly and year to date targets for Resident Engagement have been successfully met.

12 Customer Service Centre

12.1 During the third quarter the Customer Service Centre answered 96.79% of all calls, with 82.52% answered within 30 seconds.

12.2 There has been an upward trend in performance since September 2015, with December's performance in particular being very positive (97.64% of calls answered within 88.25% answered within 30 seconds).

12.3 Through the quarter we received 3042 emails into the Reporting Repairs and Contact Us email Inboxes, answering 93.6% within our target of <=5 days. We are continuing to prioritise emails and online requests as we recognise that this is the preferred method of contact for many of our customers.

13 Complaints

- 13.1 Between October and December the TMO received 111 new complaints, a slight decrease on the previous quarter.
- 13.2 Of these complaints 85.59% of Stage One responses (91.61% year to date), and 76.9% of Stage Two responses (86.2% YTD) were answered in target. This is a drop in performance when compared to the previous two quarters although performance has improved month by month after a poor performing October.
- 13.3 The Complaints Manager is working with service areas to reduce the number of overdue complaints and a robust action plan is being set in place to address this.
- 13.4 During the same period a total of 112 complaints were closed, of which 73.4% were upheld. To date this year 62.87% have been upheld, an improvement on performance in 2014-15 and within our target of $\leq 67.8\%$. Our target was based on the result of a benchmarking exercise which set 67.8 as the mid-quartile position.

Governance

- 13.5 Membership, specifically the signing up of new Members, continues to be a high priority for the TMO.
- 13.6 By the end of December a total of 385 new members had joined the TMO, against a year to date target of ≥ 340 .

14 2016-17 KPI & targets

- 14.1 The KPIs and targets for 2016-17 have recently been reviewed, and where appropriate, benchmarked against our peer groups to ensure continuous improvement and development. A list of the proposed KPIs is included in Appendix B.
- 14.2 The majority of existing PIs will remain, with targets amended where appropriate. Notable changes are detailed below.

Rent collection & arrears

- 14.3 There are a number of factors that will impact on rent collection for 2016-17.
- Universal Credit (UC) will continue to be rolled out across the borough, with pilot projects indicating likely increases in arrears for those households moved to the new regime.
 - The benefit cap will reduce to £23k from April 2016, with the number of households affected by the cap increasing from a 15-16 average of 13 to an initial estimate of over 80.

- There will be no increase in the council's discretionary housing budget (DHP) despite increases pressures.
- Issues with RBKC's financial system, Agresso are likely to continue into 16-17.

14.4 It is proposed to set a target of $\geq 100\%$ for rent collection, which translates as maintaining or reducing the arrears position as at the end of March 2016. We will monitor arrears by three threads; those on UC, those not on UC, and all households. This will enable an overview of how the rollout of UC affects overall arrears and will enable better predictions of arrears movement in future years.

14.5 Additional PIs will be added for the number of evictions and NOSP's issued.

Anti social behaviour (ASB)

14.6 Additional PIs will be added to the Operations Committee dashboard for the ASB resolution rate, enforcement actions and preventative actions.

Neighbourhood Management

14.7 Additional PIs are proposed for Neighbourhood Management. This is to reflect increasing workloads and to ensure that regulatory requirements are kept under scrutiny.

- Mutual Exchanges - % where decision letter produced within 42 day target
- Flexible tenancies - % of 6 week and 9 month visits undertaken in target
- Neighbourhood support officers – new cases / closed cases / live cases / Satisfaction with service

15 Recommendations

15.1 The Board is invited to comment on the content of the report.



**BOARD KPI REPORT
QUARTER 3: 2015-16**

BOARD KPI REPORT - QUARTER 3: 2015-16



Repairs & Maintenance

	Q3	Q4	2014-15	Q1	Q2	Q3	2015-16	Status	Target	Upper quartile
Responsive repairs										
Emergency repairs completed in target	92.3%	91.5%	95.48%	97.6%	97.6%	98.0%	97.7%		>=99%	NC
Non-emergency repairs completed in target	91.8%	87.2%	93.1%	95.6%	93.9%	95.9%	95.2%		>=98%	NC
Void repairs completed in target	92.1%	93.0%	95.2%	96.7%	97.7%	98.2%	97.4%		>=90%	NC
Recalls as a % jobs completed	2.6%	1.7%	2.3%	1.8%	0.8%	0.5%	1.0%		<=5%	NC
Post inspection pass rate (Quality)	71.9%	57.9%	63.5%	89.8%	94.7%	96.4%	93.3%		>=90%	NC
Customer satisfaction	96.1%	97.7%	93.7%	96.3%	97.3%	99.1%	97.3%		>=95%	93.7%
Voids & lettings										
No. General needs lettings (minor and major)	58	67	202	60	52	41	153	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	19.31	19.43		<=23.0	21.10
Void rent loss as % of rent roll (YTD)	1.35%	1.28%	1.28%	0.79%	0.71%	0.73%	0.73%		<=0.75%	0.84%
Available voids at month end	68	46	46	43	41	43	43		<=40	40
Compliance										
% properties with valid Landlords Gas Safety Certificate (LGSR)	100%	99.45%	99.45%	100.00%	99.94%	100.00%	100.00%		100%	100%
Number of homes without a valid LGSR	0	36	36	0	3	0	0		0	NC
Number without LGSR for >3 months	0	0	0	0	0	0	0		0	NC
Customer satisfaction	100%	98.20%	99.8%	97.7%	98.0%	100.0%	98.6%		>=95%	NC
Capital programme										
Number of homes brought up to the KCTMO standard internally	76	109	327	0	0	391	391		1004	NC
Number of homes brought up to the KCTMO standard externally	622	186	1420	0	0	120	120		2157	NC
Number of homes where SAP rating has increased through planned works	658	160	1341	0	0	120	120		1091	NC
Actual capital spend	£2,112,659	£ 2,947,952	£ 9,728,180	-	-	-	£ 5,479,538		11.5m	NC
Actual capital spend as a % total annual budget	69.7%	99.8%	99.8%	-	-	-	47.4%		>=99%	NC

22/03/2016 16:38

BOARD KPI REPORT - QUARTER 3: 2015-16



Income Collection

	Q3	Q4	2014-15	Q1	Q2	Q3	2015-16	Status	Target	Target for period	Upper quartile
Current tenant arrears											
Rent collected as a % rent due (excl arrears b/f)	99.27%	99.65%	99.65%	98.41%	98.73%	99.18%	99.18%		>=99.96%	-	99.49%
Gross current tenant rent arrears (£millions)	1.072	0.932	0.964	1.089	1.187	1.224	1.224		<=0.984	0.975	NC
Gross arrears as a % rent roll	2.19%	1.90%	1.90%	2.10%	2.30%	2.38%	2.38%		<=1.90%	-	2.06%
Percentage of tenancies with arrears of more than seven weeks	4.63%	3.96%	3.96%	4.25%	5.02%	5.14%	5.14%		<=4.5%	-	NC
Arrears - social sector size criteria households	£ 86,446	£ 76,910	£ 76,910	£ 79,898	£ 84,629	£ 95,580	£ 95,580				
Former tenant arrears											
FTA cash collection	£15,084	£32,869	£91,119	£16,809	£21,043	£23,602	£61,454		£85,000	£63,747	NC
FTA write off	£0	£29,124	£80,093	£297	£134	£330	£761	Info	-	-	
FTA housing benefit collection	£2,554	£3,384	£10,599	-£654	£6,745	£4,965	£11,056	Info	-	-	
Homeownership											
Collection rate - service charges	25.1%	27.2%	104.68%	25.41%	28.34%	26.59%	81.57%		100.17%	73.41%	NC
Collection rate - major works	30.3%	26.4%	129.88%	17.75%	15.33%	35.40%	77.61%		69.69%	35.78%	NC
Corporate property											
Total aged debt	£ 80,754	£ 68,820	£ 68,820	-	TBC	TBC	TBC		Info		
As % portfolio rent roll	2.6%	2.3%	2.3%	-	TBC	TBC	TBC		<=5%	-	NC

22/03/2016 16:38

Page 2

BOARD KPI REPORT - QUARTER 3: 2015-16



Neighbourhoods & Community

	Q3	Q4	2014-15	Q1	Q2	Q3	2015-16	Status	Target	Upper quartile
Grounds maintenance & cleaning										
% grounds maintenance inspections achieving required standard	98.5%	98.5%	98.3%	98.2%	98.4%	98.5%	98.4%		>=97%	NC
No. cleaning callbacks	24	20	108	71	73	69	213		<=30 p/m	NC
No. quality assurance failures	8	0	11	0	0	0	0	Info	-	
Anti-social behaviour (ASB)										
No. new ASB cases reported	45	64	233	100	93	42	235	Info	-	
No. live cases at end of period	62	88	88	124	144	120	120	Info	-	
% complainants satisfied with handling of case	88.9%	80.0%	85.3%	71.4%	67.7%	42.9%	64.6%		>=81%	68.7%
% complainants satisfied with outcome of case	88.9%	80.0%	85.3%	71.4%	67.7%	57.1%	66.7%		>=81%	79.9%
Resident engagement										
No. new members joining Childrens' TMO	9	3	36	98	30	7	135		>=30	NC
No. new members joining Youth TMO	93	10	111	33	11	13	57		>=40	NC
No. residents signing up to 'Get on Board'	99	42	194	100	81	40	221		>=150	NC
No. new Residents Associations or Compacts	2	4	12	4	3	1	8		>=8	NC
Attendance at residents' conference	-	-	322	-	405	0	405		>=375	NC
No. attending training & employment road-shows	0	63	145	173	0	0	194		>=120	NC
Community Alarms Service (CAS)										
Total calls handled	29492	21254	98527	19828	20424	40610	80862	Info	-	
% answered within 60 seconds	98.4%	97.0%	98.1%	96.8%	95.8%	97.8%	97.1%		95.0%	NC
% emergency visits attended within 45 mins	95.1%	98.5%	95.4%	97.1%	96.1%	97.5%	96.9%		95.0%	NC
Customer satisfaction	100.0%	97.5%	98.5%	99.0%	100.0%	93.9%	98.3%		95.0%	NC

22/03/2016 16:38

BOARD KPI REPORT - QUARTER 3: 2015-16



Customer Contact

	Q3	Q4	2014-15	Q1	Q2	Q3	2015-16	Status	Target	Upper quartile
Customer Service Centre										
No. incoming calls received by Contact Centre	22539	22673	83696	20415	21091	23038	64544	Info		
% answered	91.9%	91.2%	91.2%	89.97%	93.18%	96.79%	93.45%		>=90%	93.58%
% calls answered within 30 seconds	69.6%	57.3%	64.4%	57.1%	66.6%	82.5%	69.6%		>=70%	NC
No. Reporting Repairs emails actioned	-	-	New PI	2528	2811	3042	8381	Info		
W2 processes & correspondence										
No. actioned within month	1896	2229	7780	2021	2261	3009	7291	Info		
% actioned within target	93.8%	95.0%	93.5%	93.7%	94.7%	94.8%	94.5%		>=90%	NC

BOARD KPI REPORT - QUARTER 3: 2015-16



Corporate

	Q3	Q4	2014-15	Q1	Q2	Q3	2015-16	Status	Target	Target for period	Upper quartile
Complaints											
No. new complaints	71	80	288	84	117	111	315	Info			
No. Stage One responses	63	68	281	88	99	111	298				
% answered in target	92.06%	97.06%	94.00%	93.18%	96.97%	85.59%	91.61%		>=90%		NC
No. Stage Two responses	4	2	9	9	7	13	29	Info			
% answered in target	100.0%	100.0%	100.0%	100.0%	85.7%	76.9%	86.2%		>=90%		NC
No. Appeals	1	0	1	3	0	1	4	Info			
% undertaken in target	100.0%	-	100.0%	66.7%	-	100.0%	75.0%		>=90%		NC
Governance											
Percentage Board attendance at meetings	68.4%	85.3%	80.9%	85.7%	85.7%	53.3%	78.9%	Info			
No. new members signed up	58	331	446	80	194	111	385		>=454	340	NC
No. members voting in AGM	-	-	1089	-	724	-	724		>=749	749	NC
Human Resources											
Total staff (headcount)	213	214	214	215	212	205	205	Info			
Average number of days for sickness absence per FTE (rolling 12 months)	4.98	6.34	5.50	5.17	TBC	6.70	6.70		<=5.5		6.17

Appendix 2

Proposed Board Key Performance Indicators & Targets 2016/17

Performance Indicator	Board and/or Operations Committee	2015-16 Target	2016/17 Target	Comments
Responsive Repairs: Repairs Direct				
Emergency repairs completed in target	Board/Ops	>=99%	>=99%	Removal of '% non-emergency repairs completed in target' – replaced with HouseMark PI, 'Average days to complete a repair'.
Average days to complete a responsive repair	Board/Ops	New PI	<=12 days	
Void repairs completed in target	Board/Ops	>=90%	>=90%	
Satisfaction with repairs	Board/Ops	>=95%	>=95%	
Number of post inspections completed	Ops	Info	Info	
Post inspection pass rate	Board/Ops	>=90%	>=90%	
Recalls as a % jobs completed	Board/Ops	<=5%	<=5%	
Voids & Lettings				
No. general needs lettings	Board/Ops	Info	Info	
No. other lettings	Board/Ops	Info	Info	
Average days to re-let general needs property (minor works voids)	Board/Ops	<=23 days	<=22 days	HouseMark PI
Rent loss as a % rent roll (general needs)	Board/Ops	<=0.75%	<=0.75%	HouseMark PI
No. available voids at month end	Board/Ops	<=40	<=40	
No. unavailable voids at month end	Ops	Info	info	
Mechanical & Engineering				
Communal heating - % of calls completed within target	Ops	98%	98%	
No. blocks without heating for more than 48 hours	Ops	0	0	
Door entry systems - % of calls completed within target	Ops	98%	98%	
Estate lighting - % of calls completed within target	Ops	98%	98%	
Lifts - % of calls completed within target	Ops	100%	100%	
No. blocks without service for more than 48 hours	Ops	0	0	
Gas repairs - % of calls completed within target	Ops	98%	98%	

Compliance				
% Properties with valid Landlords Gas Safety Certificate (LGSC)	Board/Ops	100%	100%	HouseMark PI
No. of properties without valid certificate	Board/Ops	0	0	
Number without valid certificate for more than 3 months	Board/Ops	0	0	
Satisfaction with gas service	Board/ops	>=95%	>=95%	
Water quality – compliancy rate (inspection & sampling)	Ops	100%	100%	
Lifts – compliancy rate (statutory inspections)	Ops	100%	100%	
Electrical testing – compliancy rate (homes with valid test cert)	Ops	100%	100%	
Stock Condition				
Number of homes brought up to TMO standard - internally	Board/Ops	1004	TBC	To be confirmed following confirmation of end of year position and 2016-17 programme of works.
Number of homes brought up to TMO standard - externally	Board/Ops	2157	TBC	
Number of homes where SAP rating improved through planned works	Board/Ops	1091	TBC	
Capital Programme				
Actual monthly capital spend £	Board/Ops	-	-	
Actual capital programme delivery spend as a % total annual budget	Board/Ops	>=99%	>=99%	
Satisfaction with capital programme works	Ops	Various	Various	Set against individual projects
Current Tenant Rent Arrears				
Rent collected as a % rent due (excluding arrears brought forward)	Board/Ops	>=99.96%	>=100%	HouseMark PIs. Maintain year end position or decrease arrears. Actual figures for 'gross arrears' and 'arrears as % rent roll' to be confirmed at year
Gross current tenant rent arrears £thousands	Board/Ops	<=£984493	TBC	
Current tenant rent arrears as a % rent roll	Board/Ops	1.90%	TBC	
Percentage of tenancies with arrears >=7 weeks rent	Board/Ops	<=4.5%	<=4.5%	

				end
Evictions (arrears)	Ops	New PI	Info	
Court orders obtained	Ops	New PI	Info	
NOSPs issued	Ops	New PI	Info	
Former Tenant Rent Arrears (FTA)				
FTA cash collection	Board/Ops	£85,000	£85,000	
FTA write off	Board/Ops	Info	Info	
FTA housing benefit collection	Board/Ops	info	Info	
FTA as % rent due	Ops	New PI	Info	HouseMark PI
Write off as % rent due	Ops	New PI	Info	HouseMark PI
Home Ownership				
Arrears – service charges	Board/Ops	171844	TBC	Targets for 2016-17 to be confirmed in April, following closure of end of year accounts.
Arrears – major works	Board/Ops	1216049	TBC	
Corporate Property				
No. properties in portfolio	Ops	Info	Info	
Total value of rent roll	Ops	Info	Info	
Total aged debt £	Board/Ops	Info	Info	
As % portfolio rent roll	Board/Ops	<=5%	<=5%	
No voids	Ops	Info	Info	
No outstanding lease renewals	Ops	0	0	
No outstanding rent reviews	Ops	0	0	
Environmental Services				
% Grounds maintenance inspections achieving required standards	Board/Ops	>=97%	>=97%	When the new cleaning contract commences later in the year there may well be some changes to these PIs but these will be agreed as part of the tendering process.
No. cleaning call-backs	Board/Ops	<30 p/m	<30 p/m	
No. Joint inspections undertaken	Board/Ops	Info	Info	
No. Quality Assurance failures	Board/Ops	Info	Info	
Customer satisfaction with cleaning service	Ops	>=90%	>=90%	
Customer satisfaction with grounds maintenance service	Ops	>=90%	>=90%	
Percentage of bulk refuse removed within 3 days	Ops	>=95%	>=95%	
Estate Services Team				
Number of scheduled quarterly estate inspections carried out, as a percentage of those due	Board/Ops	>=90%	>=90%	
Estate inspection: average score (0-5)	Board/Ops	Info	Info	
% inspection results published	Board/Ops	100%	100%	

on noticeboards within 5 days				
% H&S weekly/monthly scheduled tasks completed	Ops	New PI	>=90%	
Number of communal repairs reported by ESAs	Ops	New PI	info	
Anti-Social Behaviour (ASB)				
No. new ASB cases reported	Board/Ops	Info	Info	
No. closed ASB cases	Board/Ops	Info	Info	
No. live ASB cases at end of period	Board/Ops	Info	Info	
% Complainants satisfied with handling of case (gross)	Board/Ops	>=81%	>=81%	
% Complainants satisfied with outcome of case (gross)	Board/Ops	>=81%	>=81%	
% closed cases with survey completed	Ops	>=29.8%	>=29.8%	
ASB cases resolved as % of those closed	Ops	New PI	>=97%	HouseMark PI
Enforcement actions – evictions	Ops	New PI	Info	
Enforcement actions - injunctions	Ops	New PI	Info	
Enforcement actions – NOSP	Ops	New PI	Info	
Preventative actions – mediation referrals	Ops	New PI	Info	
Preventative actions – other referrals	Ops	New PI	Info	
Preventative actions – ABAs	Ops	New PI	Info	
Preventative actions – warning letters	Ops	New PI	Info	
Neighbourhood Management				
No. mutual exchange applications completed	Ops	New PI	Info	
% decision letters sent in target	Ops	New PI	100%	
Flexible tenancies – number of 6 week and 9 month visits undertaken	Ops	New PI	100%	
Neighbourhood support officers (NSO) – new cases	Ops	New PI	Info	
NSO - Closed cases	Ops	New PI	Info	
NSO - Active cases	Ops	New PI	Info	
NSO - Satisfaction with service	Ops	New PI	Info	Bi annual
Resident Engagement				
No. new members joining the Children's TMO	Board/Ops	30	35	
No. new members joining the Youth TMO	Board/Ops	40	45	
No. new Residents Associations	Board/Ops	8	10	

or Compacts				
Attendance at Residents' Conference	Board/Ops	375	425	
No. Residents attending Employment & Training road-shows	Board/Ops	120	180	2 events
Communities Outreach project – number of new families engaged with	Ops	New PI	150	
Community Alarms Service				
Total calls handled	Board/Ops	Info	Info	Current targets set above industry standard.
% Answered within 60 seconds	Board/Ops	95%	95%	
% Emergency visits attended within 45 minutes	Board/Ops	95%	95%	
Customer satisfaction	Board/Ops	95%	95%	
Customer Service Centre (CSC)				
No. incoming calls received	Board/Ops	Info	Info	
% of incoming calls answered	Board/Ops	>=90%	>=90%	
% of incoming calls answered within 30 seconds	Board/Ops	>=70%	>=70%	
No. Reporting Repairs emails actioned by the Contact Centre	Board/Ops	Info	Info	
% customers satisfied with service overall	Board/Ops	New PI	Info	Baseline position to be established before target set
Telephone calls (non-CSC)				
No incoming calls received	Ops	Info	Info	
% incoming calls answered	Ops	>=90%	>=90%	
Complaints				
No. complaints received in month	Board/Ops	Info	Info	
No. complaints closed in month	Ops	Info	Info	
No. live complaints at month end	Ops	Info	Info	
No. Stage 1 responses	Board/Ops	Info	Info	
% answered in target	Board/Ops	>=90%	>=90%	
No. Stage 2 responses	Board/Ops	Info	Info	
% answered in target	Board/Ops	>=90%	>=90%	
No. Appeals	Board/Ops	Info	Info	
% undertaken in target	Board/Ops	>=90%	>=90%	
% complaints upheld	Ops	<=68.4%	Improve by 5% on 1516	HouseMark PI
% complaints closed at Stage 1	Ops	New PI	Improve by 5% on 1516	HouseMark PI
Satisfaction with complaint	Ops	Info	Info	Aim to improve

handling				on return rates using new CRM processes
Human Resources				
Total Staff (headcount)	Board/Ops	Info	info	
Average number of days lost due to sickness per FTE (rolling 12 months)	Board/Ops	<=5.5	<=5.5	HouseMark PI
% year end PDRs completed and returned to HR in target	Ops	90%	90%	
% mid year PDRs completed and returns to HR in target	Ops	80%	80%	
Governance				
No. New TMO Members signed up	Board/Ops	>=454	>=550	
No. Members voting in AGM	Board/Ops	>=749	>=800	
% Board attendance	Board/Ops	Info	Info	

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

Open	
For Approval	
Board Meeting 31 March 2016	
Report title:	Housing Energy Strategy
Authority for decision:	The Board is responsible for overseeing the strategic direction of the Company.
Recommendations:	It is recommended that the Board consider the report and pass a resolution in the following form: "The Board RESOLVED TO agree to and approve the Energy Strategy and Action Plan presented."
Regulatory/legal requirements:	The Companies Act 2006 provides that the Board of Directors has the duty of to promote the success of the Company.
Business Plan link:	In line with the 2014 -2017 business plan, having an Energy Strategy responds to the Business Plan priorities to Invest to make great homes and communities.
Equality Impact Assessment/comment:	High energy costs and fuel poverty has a disproportional impact on residents on low incomes. This strategy will help residents understand what they can do to reduce energy costs and ensure their homes are warm.
Resident consultation:	Residents will be consulted and informed throughout the implementation of this strategy.
Resource implications/VFM statement:	This strategy will be delivered within current budgets.
Risk:	None identified
Appendices:	1
Total number of pages including appendices:	12
Name, position and contact details of author:	Peter Maddison Director of Assets and Regeneration. Ext: [REDACTED]

1.0 Introduction

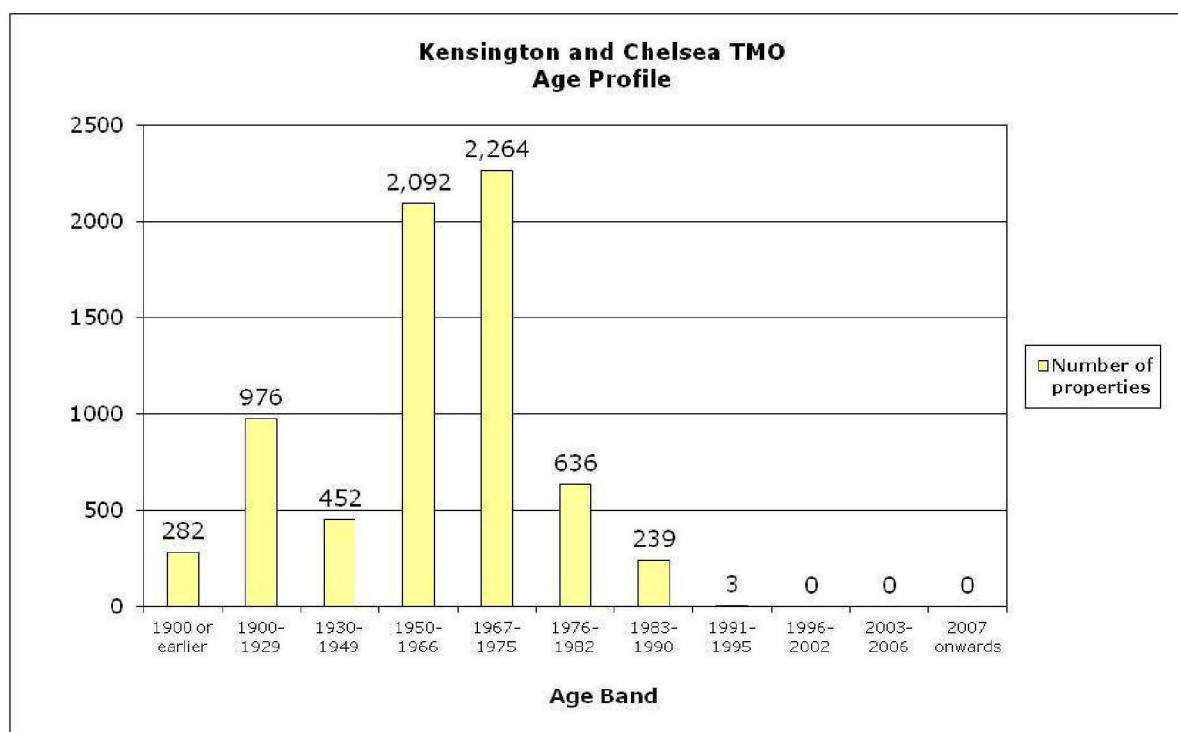
- 1.1 The energy efficiency of TMO managed buildings is an important issue for residents and for RBKC. Residents' fuel prices have risen significantly during the last fifteen years, making homes more expensive to heat, causing fuel poverty amongst low income households and raising fuel poverty up the local political agenda. Although DECC does not anticipate further significant fuel price increases before 2020, prices are expected to rise again within the following decade, well within the timescale of the TMO's asset management strategy and investment plan. In addition to this, the Government and RBKC have set ambitious targets for the reduction of carbon dioxide emissions associated with energy use, in order to mitigate climate change.
- 1.2 This document sets out the aims and objectives of the TMO with respect to energy efficiency in the housing stock, and the principles it will apply when improving the energy efficiency of its buildings, to contribute towards reducing fuel poverty and carbon emissions. The aims and objectives are subject to annual review, which will also include a review of progress against an agreed action plan.

2.0 Strategic Aims of the TMO

- 2.1 The TMO aims continuously to improve the energy efficiency of all homes that it manages, and we will work with residents to:
- Reduce the social impact of rising fuel prices by alleviating fuel poverty and promoting the availability of affordable warmth
 - Improve the well-being of tenants by alleviating the health effects of energy inefficient housing and fuel poverty
 - Contribute to mitigating climate change by reducing the carbon dioxide emissions associated with energy use in the housing stock

3.0 Current position and challenges

- 3.1 The TMO manages almost 9500 homes including 7000 tenanted properties and has a range of building types, ages and sizes with a wide variation in energy efficiency. This includes diverse range of houses and flats from various periods, such as Victorian terraces with stucco facades in Chelsea and Ladbroke Grove, 1960s concrete frame buildings in North Kensington and Latimer Road, and some listed buildings including individual houses in Chelsea, but significantly Kensal House and the heritage asset Trellick Tower in North Kensington.
- 3.2 The following table gives a summary of the age profile of RBKC's housing stock.



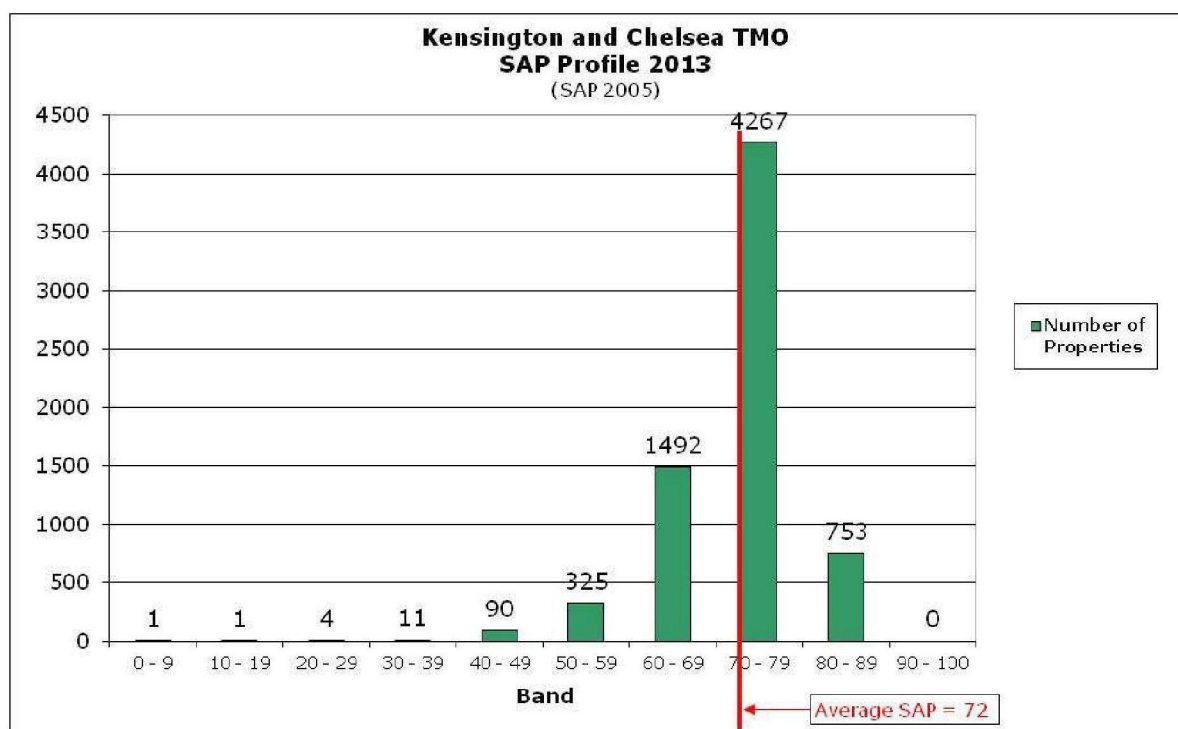
3.3 To help us understand the energy performance of our stock, we have a variety of information sources. These are:

- Information gathered from detailed energy assessments for Energy Performance Certificates (EPC's). These are carried out when void properties become ready for re-letting
- An extrapolation of SAP ratings based on the data held on our asset management database and supplemented with assumptions where data was not available. (The Standard Assessment Procedure (SAP) is the methodology used by the Government to assess and compare the energy and environmental performance of dwellings)
- Information collected from personal knowledge in the asset management team.

4.0 Housing Stock Energy Study

4.1 To further understand our stock, we commissioned the specialist energy consultants Rickaby Thompson Associates to review the available data and build up a picture of our stock, using Standard Assessment Procedure (SAP) energy rating data and National Home Energy Ratings (NHERs). This work identified that the average SAP energy rating for the whole stock was then 72 (or a C on the EPC system) and average annual carbon dioxide emissions were 3.3 tonnes per dwelling (taking account of all energy uses). Average annual fuel cost was £272 for heating, hot water and lighting, and £829 when all energy uses were taken into account. The average SAP rating was higher than for many comparable local authority owned properties; this KPI provides a benchmark against which we can measure our future performance.

4.2 The following table gives a summary of the SAP profile of RBKC's housing stock.



4.3 The energy study also broke the stock into thirty-two property archetypes, and evaluated the detailed energy performance of one representative example of each archetype. Improvements were identified that could be made to these properties to improve the SAP rating to at least 80 (B on the EPC). SAP 80 is a good proxy for an affordable warmth standard based on future projections of fuel prices, and meets the minimum requirements of the fuel poverty regulations for 2030. The energy study also investigated what further improvements would be needed to achieve a carbon dioxide emissions reduction of 45%, which would be the TMO's contribution towards the national target of reducing emissions by 80% by 2050. Within these packages of work, individual improvements and groups of improvements were also investigated, in order to show the SAP and emissions reduction impacts of doing some elements of the work.

4.4 The housing stock energy study is currently being updated to 2016. The updated version of the study will take account of EPC data obtained, improvements carried out, and disposals made, since the date of the original study.

4.5 The housing stock energy study data does involve a degree of assumption and extrapolation, as full data are not available on every property, and some properties do not fit neatly into the archetypes. We will continue to collect the more detailed EPC data in support of a full understanding of the energy performance of our stock and to assist in planning programmes. Before any programmes can be planned, detailed surveys will also be needed of the individual properties.

5.0 Constraints on Improving Energy Efficiency

5.1 There are physical constraints to achieving higher SAP levels in some properties which mean that achieving a SAP rating of 80 would not be feasible. This affects approximately 920 properties. In addition, some of the improvements required are of properties that are in Conservation Areas or are Listed buildings, where planning restrictions will not allow for the installation of external wall insulation or

for the most energy efficient windows. Roof-mounted renewable energy technologies face similar constraints. These constraints present considerable challenges in achieving affordable warmth.

- 5.2 Another complication is that where works to blocks of flats are deemed to be improvements rather than repairs or renewals (and it is likely for example that this would be the case for external insulation and render or cladding), then the Council would not be able to re-charge leaseholders for the work. This poses serious budget challenges.
- 5.3 In some properties, the cost of the improvements required may be disproportionate to the benefit gained. For example, moving from SAP 50 to SAP 60 is relatively simple (energy efficient lighting; new boiler) but the move from SAP 60 to 80 is relatively expensive. The original energy study estimated that the total cost of achieving SAP 80 across the stock would be £102m.
- 5.4 Another way of looking at this is to consider the cost effectiveness of the individual improvement measures. Appendix 2 gives an example of this analysis for one of the archetypes used in the housing stock energy study. This shows the cost of every tonne of carbon dioxide saved, and the annual fuel savings, and suggests that the most cost effective interventions are measures such as low energy lighting, high performance hot water cylinders and heating control systems. The least cost effective are replacement windows and doors.
- 5.5 Further constraints in the renewal of windows are the planning challenges of renewal of properties in conservation areas and the challenge posed by the “repair only leases” that restrict the leasehold recharge for improvement works, such as the renewal of windows to improve thermal performance (which would be considered an “improvement”). We are currently reviewing this matter to establish clarity about what level of discretion we have in this matter.
- 5.6 Another measure of effectiveness, which focuses on emissions reduction rather than fuel poverty, is ‘carbon cost effectiveness’. This is the net cost of the improvement measure (capital cost minus lifetime fuel cost savings to the tenant) divided by lifetime carbon dioxide emissions savings. It comes out in £/tCO₂ and provides a good way of comparing measures in terms of the cost of saving each tonne of carbon dioxide over their lifetimes.

6.0 Relationship with the Asset Management Strategy

- 6.1 In December 2013, KCTMO Board agreed an asset management strategy that detailed our approach to strategic investment in the housing stock. The Asset management strategy sets out the principles on which the TMO will plan new investment in the stock. The strategy defines a flexible approach to investment decisions relating to assets to strengthen financial performance in the context of the business plan and taking consideration of other issues including socio-economic issues, demand and potential regeneration opportunities.
- 6.2 Poorly performing assets are subject to review and options are considered for improving the performance before proceeding with significant investment decisions. The Housing Energy Strategy sits alongside the Energy Strategy and part of the decision-making around future investment will include an assessment

of their energy performance and the costs involved to bring it up to an acceptable standard.

7.0 Principles for Application to Improvement Programmes

7.1 When developing programmes for improving energy efficiency the TMO will adopt the following principles:

- There is a hierarchy of interventions
 - 1) **Clean**: measures that result in reduced carbon dioxide emissions
 - 2) **Lean**: 'passive' measures, in preference to technological solutions
 - 3) **Green**: measures that make use of low or zero carbon (LZT) 'renewable' technologies.

7.2 This approach gives priority to building fabric improvements (to reduce energy demand) over building services improvements (to satisfy demand efficiently), which are themselves prioritised over renewable energy technologies (to reduce emissions to the target level).

- Avoid short term measures, which will need to be replaced in favour of more effective solutions; it is unlikely that the TMO will have the resources to make multiple rounds of improvements, and some measures (for example External Wall Insulation) cannot be 'topped up'
- Works should be carried out in packages, where practical, to maximise the benefit. Also any improvement of insulation must involve upgrading of ventilation – the maxim 'no insulation without ventilation' applies. Other opportunities may be preserved for the future by planning ahead, for example installing dual coil cylinders to allow for later solar thermal systems, or extending roof eaves to allow for later EWI.
- Works should be timetabled to coincide with planned programmes
- Resident preferences should be considered and consulted on before any programme commences – some interventions will involve loss of space (e.g. IWI)

8.0 Objectives

- Strengthening our Energy Data: We will collect data at an appropriate level of precision on all dwelling types through extending the use of EPCs. We currently have EPCs for around 1,500 homes (around 25% of all dwellings). We aim to achieving an additional 200 EPCs per year from 2016-17 onwards.
- Incorporating costs into Keystone: We will work to integrate the energy information and cost data from the archetypal study into the Keystone asset

management database where practical, to establish the costs beyond the existing assumed capital programme by the end of 2016-17.

- Measure the improved energy performance of the stock relating to our investment programmes by measuring the average SAP of the stock.
- Identify properties with a SAP rating of less than 54 (It is estimated there are around 700 properties in this situation) and consider options for these properties in the context of the Stock Energy Study (i.e. investment options) and Asset Management Strategy (potential alternative approaches).
- Review the communal heating systems that provide heating and hot water to around 3,000 homes in the borough and establish the options and feasibility of improving their effectiveness by giving residents control of the energy use in their home. A feasibility study has been commissioned to investigate the options for upgrading the communal heating systems with a key focus being on giving greater control to residents.
- Review opportunities for renewable energy installation, such as solar panels, and identify associated funding models for these technologies, by the end of 2016-17.
- Establish an internal Green Team and communications programme to ensure that all staff are aware of this Housing Energy Efficiency Strategy and how it affects their own work. This team will be set up in 2016/17 and in that year will develop the following workstreams:
 - a) **Homes:** Develop an action plan to reduce carbon emissions and improve energy efficiency in KCTMO homes and in the workplace.
 - b) **Staff:** Ensure that all TMO staff have the knowledge and skills they require in order to assist with the implementation of the improvement programme.
 - c) **Residents:** Develop a residents' energy guidance programme to enable residents to use their homes more efficiently.

9.0 Approach to delivering the strategy

- 9.1 Some works have already been carried out, but without a strict plan for improving energy efficiency. For example where windows are renewed, then new installations will meet the latest building regulation requirements for energy. Where roofs are replaced, insulation is also installed. Some cavity wall insulation has been completed, and further hard to treat properties have been identified.
- 9.2 It is important that any targets that are set relating to energy performance are deliverable. We therefore do not propose to set aspirational targets that may not be achievable, for example "to raise the average SAP to SAP80", or "to bring all poor performing assets up to the average SAP". Such targets cannot be afforded within current resources. Furthermore, the Energy performance of our stock is significantly better than in the private sector in the Borough (currently at SAP 54).

From the borough's perspective it would be more cost effective to reduce carbon emissions by investing in the private sector stock than to invest significant sums in the social housing stock. At this stage, we proposed to:

- Strengthen our understanding of the energy performance of the stock, by collecting further energy data.
- Review our standards and specifications to ensure that we maximise the opportunity offered by the renewal of key components, for example:
 - a) Looking at the opportunities to renew communal lighting to LED as part of our ongoing upgrade works
 - b) Future-proofing our investments, for example by incorporating internal solid wall insulation into kitchen and bathroom renewal programmes

9.3 There are some specific outcomes that we have agreed with RBKC as a contribution to their Air Quality and Climate Change Action Plan. These include:

- Develop planned programme of communal boiler upgrades and renewals within council housing: Complete the review of communal boilers from council housing and develop a planned programme of replacements and upgrade works, and when possible, installing individual controlled heating within flats.
- Install ultra-low NOX boilers in council housing: Install ultra-low pollution boilers in next phase of boiler replacement in social and council housing (further phase planned for 2019-20).
- Incorporate energy efficiency improvements into the Council's social housing planned renewal programme: Incorporate energy efficiency improvements into the planned renewal programme, for example: upgrade windows from single glazed to double glazed and improve the insulation standard for TMO properties when renewing roofs.
- Complete the energy efficiency refurbishment of Grenfell Tower: Complete the refurbishment of Grenfell Tower: install aluminium external wall cladding for insulation; upgrade windows from single glazed to double glazed; and install a new energy efficient communal boiler and individual heat exchange units inside flats.
- Raise awareness on air quality and climate change issues amongst council tenants: Raise awareness of air quality and climate change issues, by advising council tenants on efficient use of the heating systems using specific guidelines.
- Explore the opportunity to install renewable energy technologies in the council's social housing (e.g. solar panels): Through additional or external funding. Renewables will be considered and explored but insulation and energy efficiency will be a higher priority. It would be undertaken when it is a practical and affordable solution.

9.4 A detailed Action Plan for the further development and implementation of the Energy Strategy is included in Appendix 1 of this report.

10.0 Staff Engagement and Training

- 10.1 A Housing Energy Efficiency Strategy cannot succeed without the engagement and support of all members of the TMO team, including not only technical staff and contractors but also housing managers, front-line staff and residents' representatives.
- 10.2 An internal communications programme, using existing channels, will make all staff aware of the strategy, encourage them to consider how it will affect their own work, and how to communicate it to residents.
- 10.3 A staff training needs analysis will be used to identify training needs, including not only technical skills (e.g. energy rating analyses, insulation techniques, understanding and dealing with thermal bridging and condensation, upgrading ventilation, etc.) but also 'soft' skills such as identifying residents who are at risk of fuel poverty or hypothermia and knowing how to intervene, advising residents on how to minimise their fuel costs, etc.

11.0 Resident Guidance

- 11.1 The success of any energy efficiency projects will be determined as much by the use of energy in the homes by residents as much as by the technology used. The theoretical fuel cost savings that have been estimated are based on assumptions about how the newly efficient homes will be used. In practice, it is likely that many residents do not use their existing energy systems efficiently, or are on energy tariffs that are not the best options for them.
- 11.2 The TMO's intention is to develop an information and communication programme to target resident behaviour and help them to reduce their energy costs. This may also help overcome any resident resistance to improvement works. The programme will have three components:
- Basic energy efficiency advice (e.g. how to keep warm at least cost, how to minimise condensation) delivered to every household, using existing communications channels.
 - A responsive energy advice service, delivered initially by front line staff but backed up by technical staff, for residents who seek assistance, for example with their heating controls or because of condensation
 - System-specific advice for new residents, for residents who move to new dwellings, and for households where new heating or ventilation systems are installed.
- 11.3 One possibility is that the TMO may include in its future procurement Gas Servicing contracts the option for gas engineers to also provide advice on the correct settings for boilers and thermostats, and advice on how to avoid condensation when the heating is on.

12.0 Funding

12.1 RBKC has limited capital resources available to fund investment in the stock. The asset management strategy has established that there is likely to be £100m of investment required to meet the Kensington and Chelsea Investment Standard over the next five years. However, RBKC estimates its resources at around £50m. The investment standard does include improvements to boilers, windows and roofs. However specifications for these works are to building regulation standards. It also does not include insulation solid walls, which is likely to have the biggest impact on efficiency.

12.2 There are though a number of external funding sources that may enable greater investment, or investment in renewables. These are:

- The Energy Company Obligation (ECO); most energy companies with obligations have now met their ECO quotes for the period to March 2017, after which ECO 2 is expected to focus on fuel poverty.
- The Feed in Tariff, which subsidises the local generation of zero carbon electricity, for example by solar photovoltaic (PV) systems.
- Pay as you save (PAYS) schemes in which investment in improvements would be repaid by increasing rents or service charges for the improved homes (but by less than the reduction in fuel costs). This would rely on prudential borrowing by RKBC.

12.3 These funding sources are limited, and in the case of ECO particularly uncertain. We will continue to investigate the possibility of accessing additional funding to support energy initiatives. However, a key focus of our strategy will be to focus on self sufficiency within our existing budget and aiming to deliver improved energy outcomes within available resources.

Appendix 1 – Action Plan

Task	Timescale	Resources	Outcome
Strengthen Energy Data:	Complete by end 2016/17	Head of Strategic Investment	We aim to achieving an additional 200 EPCs per year from 2016-17 onwards.
Incorporate costs into Keystone:	Complete by end 2016/17	Head of Strategic Investment	Integrate the energy information and cost data from the archetypal study into the Keystone asset management database by the end of 2016-17.
Measure the improved energy performance of the stock	April 2017	Head of Strategic Investment	Measure improved energy performance at the end of each financial year relating to the average SAP of the stock.
Consider options for the poorest performing stock – those with a SAP rating of less than 54 (It is estimated there are around 700 properties in this situation)	End 2016/17	Head of Capital Programme	and consider options for these properties in the context of the Stock Energy Study (i.e. investment options) and Asset Management Strategy (potential alternative approaches).
Establish a KCTMO Green Team and communications programme to ensure that all staff are aware of this Housing Energy Efficiency Strategy and how it affects their own work.	Q2 2016/17	Head of Strategic Investment	This team will be set up in 2016/17 and in that year will develop the following workstreams: Establish an affordable warmth standard for K&C and associated targets
Identify opportunities for renewables and associated	March 2017	Head of	

Appendix 1 – Action Plan

Task	Timescale	Resources	Outcome
funding		Strategic Investment	
Develop and implement a resident energy education programme	Dec 2016	Head of Strategic Investment	Residents are informed about their energy choices and how to save fuel
Develop planned programme of communal boiler upgrades and renewals within council housing:	Dec 2016	Head of Strategic Investment	Complete the review of communal boilers from council housing and develop a planned programme of replacements and upgrade works, and when possible, installing individual controlled heating within flats.
Install ultra-low NOX boilers in council housing:	2019-20	Head of Contract Management	Install ultra-low pollution boilers in next phase of boiler replacement in social and council housing (further phase planned for 2019-20).
Incorporate energy efficiency improvements into the Council's social housing planned renewal programme:	2017/18	Head of Strategic Investment	Incorporate energy efficiency improvements into the planned renewal programme, for example: upgrade windows from single glazed to double glazed and improve the insulation standard for TMO properties when renewing roofs.

Appendix 1 – Action Plan

Task	Timescale	Resources	Outcome
Complete the energy efficiency refurbishment of Grenfell Tower:	April 2016	Head of Capital Investment	Complete the refurbishment of Grenfell Tower: install aluminium external wall cladding for insulation; upgrade windows from single glazed to double glazed; and install a new energy efficient communal boiler and individual heat exchange units inside
Raise awareness on air quality and climate change issues amongst council tenants:	2016/17	Head of Strategic Investment	Raise awareness of air quality and climate change issues, by advising council tenants on efficient use of the heating systems using specific guidelines. flats.
Explore the opportunity to install renewable energy technologies in the council's social housing (e.g. solar panels): Through additional or external funding. Renewables will be considered and explored but insulation and energy efficiency will be a higher priority. It would be undertaken when it is a practical and affordable solution.	April 2017	Head of Strategic Investment	Carry out options appraisal relating to potential investment in renewables that can be afforded within current investment parameters

Dwelling: 25 Avondale Park Gardens, London, W11 4PR

RECOMMENDED IMPROVEMENTS - TO ACHIEVE SAP 80

Improvement		Capital Cost (£)	Saving (£/yr)	CO ₂ Saving (kg/yr)	Lifetime (years)	CCE (£/t CO ₂)
S1: Full scaffold to front and back of houses / maisonettes	Walls, window	£1,823	-	-	N/A	-
F3/D1: 200 mm mineral fibre between joists (on mesh) and Seal suspended timber floor	U: 0.63 - 0.2	£2,902	£49	281	42	£71
W3/W5: Wall insulation (internal/external)	U: 2.1 - 0.3	£13,558	£314	1,786	36	£35
G13: New proprietary insulated external door and frame (U=1.0) to outside	x 2	£2,795	£16	92	30	£839
R2: 300 mm mineral fibre in loft (two layers)	U: 0.2 - 0.11	£1,458	£15	83	99	-£3
D2: Proprietary insulated loft hatch		£176	£4	24	10	£568
R10: Boarded loft space (3 sq.m)		£75	-	-	N/A	-
G4: New windows - timber frames (Whole unit U=1.2)	U: 4.8 - 1.2	£11,739	£85	484	30	£633
V1: Install extract fan in kitchen		£125	-£3	-19	12	-
V2: Install extract fan in bathroom		£124	-£3	-19	12	-
H1: Replace gas-fired condensing boiler		£1,015	£119	676	15	-£76
H16: Add thermostatic radiator valves (TRVs)	x 8	£288	£30	171	30	-£119
H18: Programmable Wireless Room Thermostat (Honeywell)		£103	£16	88	15	-£104
H19: Weather Compensator		£279	£0	0	12	-
HW1: Replace hot water cylinder (110 l, 80 mm insuln.)		£365	£50	281	30	-£135
HW12: Pipe Lagging - House / Maisonette		£125	£8	48	30	-£80
LA1: Low Energy Light Bulb(s)	x 8	£48	£45	162	7	-£235
Overall Package		£36,996	£688	3,824		

* Carbon Cost Effectiveness units: Net lifetime cost per lifetime tonne CO₂ saved**Improved Energy Ratings:**

SAP Energy Rating: 80 CO₂ emissions (kg/yr): 3485
EPC Band C CO₂ emissions reduction: 47.68%

Improved annual fuel use, fuel costs and CO₂ emissions

End Use	Energy (kWh/yr)	Fuel Cost	CO ₂ (kg/yr)
Space Heating - Main	4398	153	871
Space Heating - Secondary	0	0	0
Water heating	2679	93	530
Cooking	1001	70	314
Lights & Appliances	3423	452	1770
Standing Charges	0	120	0
Generation Savings	0	0	0
Totals	11501	888	3485

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

Open	
For Decision	
Board Report 31 March 2016	
Report title:	Water Management Policy & Procedure
Authority for decision:	The Board is responsible for setting the strategic direction of the Company.
Recommendations:	It is recommended that the Board consider the contents of the report and pass a resolution in the following form: “The Board RESOLVED TO agree and approve the Water Management Policy and Procedure for the Company.”
Regulatory/legal requirements:	The Company is required to comply with a number of Statutory Enabling Acts (England and Wales) and subordinate regulations. These are listed in the Water Management Policy under Section 5 - Legal Framework.
Business Plan link:	<ul style="list-style-type: none"> • Invest to make great homes and communities • Deliver excellent, good value services.
Equality Impact Assessment/comment:	N/A
Resident consultation:	N/A
Resource implications/ VFM statement:	The Company is required to implement effective water management policies and procedures for the properties under its management and specialist contractors have been procured to undertake the required planned inspections, assessments, water sampling and maintenance activities. The cost is covered within existing budgets. The efficient management and delivery of this service ensures that all risks, including those relating to Legionella, are managed and controlled.
Risk:	The Company must be able to meet its statutory obligations in this area with detailed records held to demonstrate that this is taking place. The failure to do so will result in a breach of contractual obligations under the Management Agreement with reputational damage for the Company and concern about the Company’s ability to manage RBKC’s housing stock in a safe and efficient manner. Furthermore, a lack of a structured policy and

	procedure may result in a breach of statutory duty for RBKC. This could also result in a negative impact on the safety of residents, their visitors, employees, partners or contracted agents.
Number of Appendices:	2
Total number of pages including appendices:	18
Name, position and contact details of author:	Peter Maddison Director for Assets and Regeneration. Ext: [REDACTED]

1. INTRODUCTION

- 1.1 A new Water Management Policy and Procedure has been drafted in response to changes in legislation and approval is being sought for its adoption. Upon approval, employees will implement this approach and ensure that business partners and contracted agents also adhere to the new procedures.

2. Background

- 2.1 The Water Management Policy details the Company's obligations as the agent of the Royal Borough of Kensington and Chelsea to provide water safe for consumption and specifically to protect persons (both residents and non-residents), from the known risks arising from potable water storage and handling.
- 2.2 The Water Management Procedure sets out the process/procedures by which the Water Management Policy will be implemented. This will be in accordance with quality management principles to record and communicate information in a practical and auditable manner.
- 2.3 The draft Policy and Procedure documents have been circulated with the feedback received from staff, an external specialist consultant and the water quality contractor incorporated, where appropriate. In accordance with the agreed process, the draft versions of the new Policy and Procedure were presented to the Company's Health & Safety Committee. The comments received have been incorporated, where appropriate and the Committee subsequently gave its endorsement to refer the Policy/Procedure to Executive Team in November 2015 for agreement and adoption.
- 2.4 The Executive Team agreed that, in view of the extent of the changes to the Policy & Procedure and their importance and status, these new documents should be referred to the Board for its endorsement and approval.

3. A Brief Summary of the Main Changes

- 3.1 **Revision of Approved Code of Practice (ACoP) – The Control of Legionella bacteria in water systems (L8) – copy available on request**

An Approved Code of Practice (ACoP) provides practical advice on how the law is to be complied with. The ACoP on control of Legionella bacteria was extensively revised (for the fourth time) in 2013. The main points to highlight are that the following now have official ACoP status and so there is a statutory obligation to –

- Risk Assessment – no longer required to be reviewed at least 2-yearly but at a frequency determined by the risk assessment
- The role of the Competent or Responsible Person
- The Control Scheme
- Reviewing of Control Measures

- Duties and Responsibilities of those involved in the supply of water systems

Additionally, the technical guidance covering water hygiene management has been extracted from the ACoP, expanded and placed in a dedicated Technical Guidance document HSG 274.

3.2 Legionnaires' Disease - Technical Guidance HSG 274

This targets the management and control of risk relating to Legionnaires' disease and is split into 3 parts;

Part 1: The control of legionella bacteria in evaporative cooling systems.

Part 2: The control of legionella bacteria in hot and cold water systems.

Part 3: The control of legionella bacteria in other risk systems.

- 3.3 The new Water Management Policy and Procedures have taken into account all of the changes contained within Approved Code of Practice L8 and Technical Guidance HSG274.

4. Appendices

- 4.1 The Water Management Policy document dated 22nd October 2015 Version 2 is included as Appendix 1.
- 4.2 The Water Management Procedures document dated 7th September 2015 Version 1 is included as Appendix 2.



KENSINGTON & CHELSEA TMO

Water Management Procedures

Latest Working Document Dated **7th September 2015** **Version One**

Version	Date	Reason for change	Authorised by	Review Date
Draft One	Sept 2015	Initiation		TBC

Table of Contents

1	<u>INTRODUCTION</u>
2	<u>AIMS & OBJECTIVES</u>
3	<u>EMERGENCY MEASURES TO BE TAKEN IN THE EVENT OF INFECTIONS OR POISONING.</u>
4	<u>SCOPE OF GUIDANCE</u>
5	<u>COMPETENCE & TRAINING</u>
6	<u>RISK MANAGEMENT</u>
7	<u>LEGIONNAIRE'S DISEASE</u>
8	<u>WATER QUALITY</u>
9	<u>SAFE WATER TEMPERATURES</u>
10	<u>WATER WASTAGE</u>
11	<u>MAINTENANCE, TESTING, MONITORING & RECORDS</u>
12	<u>AUTHOR AND REVIEW DATE</u>

13 APPENDICES

APPENDIX A – UNDERSTANDING LEGIONNAIRE'S DISEASE
APPENDIX B – SUMMARY OF TENURES, WATER HYGIENE RISK ASSESSMENTS & MONITORING REGIMES
APPENDIX C – OUTLINE SPECIFICATION FOR MONITORING & AUDITING
APPENDIX D – SUMMARY TECHNICAL REQUIREMENTS OF WATER SUPPLY (FITTINGS) REGULATIONS 1999
APPENDIX E – WATER MANAGEMENT RISK ASSESSMENT GUIDANCE
APPENDIX F – KEYSTONE ASSET MANAGEMENT DATABASE
APPENDIX G – INFORMATION FOR HOMEOWNERS (LEASEHOLDERS)

1 INTRODUCTION

- 1.1 The Kensington & Chelsea Tenant Management Organisation (hereinafter referred to as 'KCTMO') Water Management Procedures aim to provide residents with potable drinking water and specifically to protect persons (both residents and non-residents) from known risks arising from water storage and handling, specifically:
- Infection by Legionella bacteria or other harmful microorganisms.
 - Risk of scalding to vulnerable residents in Sheltered Accommodation due to the temperature of stored and distributed water.

2 AIMS & OBJECTIVES

- 2.1 The objective of this document is to set out the KCTMO Water Management Procedures within its premises.
- 2.2 This document sets out water management procedures for the control and reporting of water-borne bacteria and, in particular, Legionella pneumophila, together with information and guidance on safe water temperatures and water wastage.
- 2.3 The format follows basic quality management principles to convey the information in practical and auditable manner. As such, it is issued as a "controlled document" that has been subjected to managed preparation and authorisation.

3 EMERGENCY MEASURES TO BE TAKEN IN THE EVENT OF INFECTIONS OR POISONING

- 3.1 An outbreak of Legionnaires Disease is defined by the Public Health Laboratory Service as "two or more confirmed cases of Legionellosis in the same locality within a 6-month period". Certain cases of poisoning - involving a number of persons - are reportable to Environmental Health.
- 3.2 The Health & Safety Executive (HSE) is involved under the Reporting of Injuries, Diseases and Dangerous Occurrence Regulations (RIDDOR) 2013.
- 3.3 Any outbreak should be immediately notified to the KCTMO Duty Holder, Responsible Person and the Health, Safety & Facilities Manager.
- 3.4 The Duty Holder / Responsible Person will notify the Local Authority's Environmental Health Officer (EHO) who may convene an 'outbreak committee' to manage the incident. If requested, the Duty Holder will provide staff and occupant records to help investigate the cause of illness.
- 3.5 Where an outbreak is known, or there is genuinely good reason to believe there will be one, the Duty Holder / Responsible Person will, following advice given by the EHO and/or Technical Advisor:-
- a) Order isolation of the offending system (or part thereof).
 - b) Advise scheme staff and/or residents of the situation and give advice on temporary measures to be undertaken i.e., the use of bottled water, not to use showers etc.
 - c) Arrange for water samples to be taken urgently for laboratory analysis.
 - d) Gather all necessary operation, maintenance and test records.
 - e) Arrange for statements to be taken from KCTMO staff, contracted representatives, consultants and advisors involved in operating, managing, maintaining and testing the system.

4 SCOPE OF GUIDANCE

- 4.1 The scope of this guidance applies to storage and distribution of **all** mains, cold and domestic hot water services within the curtilage of all KCTMO premises.
- 4.2 The scope of guidance specifically **excludes**:-
- a) Statutory water undertaker's incoming mains water service prior to the first point of isolation (normally a 'stop cock' or 'boundary valve') for any KCTMO building.
 - b) Heating systems and Fire Fighting services i.e., fixed sprinkler or fire hose system.
 - c) Disposal of surface water or waste water from points of use.
 - d) Evaporative water cooling systems and towers as none are currently installed within KCTMO premises, except where there may be a cooling tower or other aerosol generating plant in the vicinity of a KCTMO property.

5 COMPETENCE & TRAINING

- 5.1 KCTMO management will implement a programme of staff training to ensure those persons holding personal responsibilities (as specified in Section 5 of the Water Management Policy) are suitably informed of their duties and adequately trained to enable their discharge.
- 5.2 The level of training will be dependant upon the extent of individual's involvement and responsibility. However, the following **must** be covered as a minimum:
- Statutory requirements in relation to water quality & legionella prevention
 - The KCTMO Water Management Procedures
 - Definition of Water Management including Legionnaires disease
 - Identifying the section of the population most at risk
 - Conditions that encourage the growth of bacteria
 - How the bacteria is transmitted
 - Identifying potential problems in given hot and cold water systems
 - Water economy
 - Importance of maintaining accurate records
 - Performance auditing
- 5.3 The KCTMO Responsible Person and Deputy(s) (as applicable), together with other key personnel responsible for water management, should have a sound working knowledge of the subject. They should be trained to a level which covers the following content in addition to that shown above:-
- The KCTMO Water Management Policy
 - Waste avoidance and reduction
 - Detailed risk identification and assessment techniques
 - Managing Legionella risks in hot and cold water systems, including water treatment programmes and methodology.
- 5.4 All key KCTMO staff should attend refresher training at regular intervals. They should also be briefed on any proposed changes to statutory requirements as necessary.
- 5.5 All providers of outsourced services e.g., Contractors and Technical Advisors must demonstrate competence in the application of HSE guidance at both individual and corporate level before employment on KCTMO water systems. This competence must be relevant to the type of systems found within KCTMO premises.
- 5.6 The KCTMO will employ the services of an independent, competent technical advisor on Water Management when appropriate i.e. when procuring a specialist water quality planned maintenance contractor.

6 RISK MANAGEMENT

6.1 Failure to ensure effective water management incurs the following risks:-

- a) Infection through the growth of (and exposure to) dangerous pathogens. Most notably, but not limited to, *Legionella pneumophila*, as the organism responsible for most cases of Legionnaires disease.
- b) Poisoning due to the ingestion of water containing dangerous pathogens e.g., E-Coli, chemicals and/or dissolved metals such as lead.
- c) Physical injury as a consequence of contact with high temperature hot water e.g., scalding.
- d) Adverse publicity, loss of business and/or censure including litigation e.g., corporate manslaughter due to inadequate avoidance of risk and/or the excessive waste of water.

6.2 The KCTMO Responsible Person will assess and record each identified risk by developing, implementing and maintaining corporate Risk Assessments together with processes to:-

- a) Analyse each identified risk in terms of both the potential impact and probability of occurrence, planning and prioritising precautionary measures necessary to eradicate, minimise and/or control the risk.
- b) Ensure the best return on available resources in terms of overall risk reduction.
- c) Ensure regular review of the ongoing validity of each assessed risk.
- d) Monitor and report to the Duty Holder / Responsible Person the progress and effectiveness of all mitigating action to ensure risks are being controlled.
- e) Regularly audit all managerial and technical processes involved (including this document) for review at senior management level to ensure ongoing validity and effectiveness.

6.3 Notwithstanding the effective management of the corporate Risk Assessment Register, further site water hygiene risk assessments will be undertaken by competent personnel at a frequency of every 2 years, unless necessitated earlier due to one or more of the following:-

- a) Re-classification of the scheme or change of use.
- b) Significant additions and/or alterations to a water system.
- c) Availability of new information regarding risks i.e., tainted water quality.
- d) Audit evidence that either the approved managerial or technical processes are ineffective or not being complied with.
- e) Evidence that contamination or a case of Legionellosis (infection acquired from any legionella bacteria) or poisoning has occurred or is strongly suspected.

- 6.4 Risk Impact is a measure of the severity of a risk consequence primarily determined by the vulnerability of each premises' occupants should they become exposed to the hazard. The Responsible Person should make an assessment of the risk impact based on the type of system and vulnerability of the majority or residents occupying the premises (or self-contained part thereof) against the following risk categories:-
- 6.5 **Priority 1 – Highest Risk Priority Properties:** Consisting of Sheltered Housing schemes and Temporary Accommodation hostels. These are considered to present the highest degree of potential risk due to the high level of vulnerability of many of the residents.
- Priority 2 – Medium Risk Priority Properties:** These are properties supplied with hot water via district heating and hot water systems and are the next priority.
- Priority 3 – Lower Risk Priority Properties:** The remainder of the properties where there are communal cold water storage tanks and associated pipework. These are considered to present the lowest potential risk of Legionella.
- 6.6 In case of uncertainty and for the avoidance of any doubt, the category relevant to a premises (complete or in part) should default to the Highest Risk Priority Group of any occupant.
- 6.7 Records of occupants risk may be recorded with their Tenancy details. However, the KCTMO practice is to assess overall scheme risk as set out in 6.5 above. .

7 LEGIONNAIRE'S DISEASE

- 7.1 Legionnaire's disease normally results from inhaling very tiny droplets (aerosol) of water containing Legionella bacteria. This is commonly found in natural groundwater. However, it only represents a potential health hazard when encountered in droplet form and can be inhaled. A more detailed summary of Legionella, the risk and effects are shown in Appendix A.
- 7.2 The water temperatures specified below will ensure effective temperature control. Cleanliness and hygiene will be achieved by adherence to the water hygiene regimes specified in the Water Hygiene Contract Specification.
- 7.3 However, there are a number of installation design issues which can reduce the effectiveness of these control measures and so it is essential to adhere to the following: - .
- a) Water Storage: Multiple storage tanks must be installed such that in normal use water flows in series from the inlet in one tank and the outlet in the furthest tank.
 - b) Cold water storage to be limited to 12-hour nominal usage.
 - c) Tanks of galvanised steel construction should be avoided and replaced at the earliest opportunity.
 - d) Where new communal cold water storage tanks are to be installed, these shall be GRP sectional tanks, externally flanged with integral insulation and ditched bottom drain. The incoming feed to a tank and the outflow(s) to be at opposite ends or provided with a sparge pipe to affect cross-flow.
 - e) Large Hot Water Calorifier pipework balance: Calorifiers or Cylinders are often installed in a way that the flow into each cylinder is out of balance. This can compromise effective temperature control and should be avoided.

- f) Stratification in large Hot Water Calorifiers: Large non-domestic calorifiers, particularly vertical units, are prone to thermal stratification where the top of the cylinder can reach the desired temperature of over 60°C whilst the bottom can be at a much lower temperature well suited to the incubation of Legionella bacteria. Subject to a high standard of physical condition and cleanliness, this should be overcome by the installation of a shunt pump between the Calorifier flow and a tapping near the Calorifier base. The pump should be timed to run continuously for 1 hour during periods of low demand to raise the overall temperature to 60°C.
- g) Hot water storage to be minimised within dwellings with individual systems. The volume of stored water should be the minimum required to meet normal demand without an increase in cold water storage temperature over 20°C, or a reduction of the supply temperature below 60°C.
- h) Only non-spray taps to be fitted within areas of KCTMO responsibility. Any spray-type taps are to be removed at the earliest possible opportunity.
- i) Only showerheads designed to emit large water droplets are to be fitted within areas of KCTMO responsibility. Any fine spray showerheads are to be removed at the earliest possible opportunity.
- j) All water systems are to be designed and installed without unnecessary dead legs or pockets. Any existing dead legs are to be removed at the earliest possible opportunity.

7.4 Effective Legionella control temperatures are as follows:-

<u>Service</u>	<u>Temperature</u>
Incoming Mains Water	<20°C
Cold Water storage	<20°C
Cold Water Service at Sentinel outlet	<20°C within 2 minutes
Domestic Hot Water storage	60-65°C
Domestic Hot Water circulation at return to Cylinder/Calorifier	>50°C
Domestic Hot Water at Sentinel Outlet	>50°C within 1 minute
Domestic Hot Water to sinks, kitchens, pantries etc.,	>50°C
Hot Water to baths and wash hand basins (after TMV)	43°C
Hot Water at showers	41°C
Hot Water to other baths and wash hand basins	>50°C

- 7.5 Sentinel outlets, as referred to above, are normally the first and last outlets from circulating hot water systems, or the nearest and furthest from the hot cylinder (non-circulating gravity systems) or storage tank in the case of cold water services. These outlets **must** be shown on the water system schematic record drawings along with their physical location.
- 7.6 Water temperatures outside the parameters defined above must be reported immediately to the Responsible Person for corrective action.
- 7.7 Reduced water temperatures at baths and wash hand basins are by way of failsafe and tamper-proof Type 3 Thermostatic Mixing Valves (TMVs). They must be fitted adjacent to the mixed temperature outlet (or be integral with it) with a direct supply of cold water.

8 WATER QUALITY

- 8.1 Water supplies to KCTMO premises are all derived from statutory water undertakers, the quality of which must be in accordance with the Water Supply (Water Quality) Regulations 2000 and DWI requirements.
- 8.2 Water supplies used for domestic purposes, i.e. cooking, drinking, food preparation or washing and/or producing food must be “wholesome” which, in summary means:-
- a) The water does not contain any microorganism e.g., coliform bacteria or E-coli, parasite or any substance at a concentration or value (outside certain parameters defined within the regulations) which would constitute a potential danger to human health.
 - b) The water does not contain any substance (whether or not outside the parameter) at a concentration or value which, in conjunction with any other substance it contains, would constitute a potential danger to human health.
 - c) The water satisfies limits of Nitrates and Nitrites.
 - d) The reference point of the “consumer’s tap” in practice normally means at or immediately after the building’s stopcock, although other points can be sampled.
- 8.3 All water used for human consumption within KCTMO premises e.g., drinking water and for food production must comply with those standards set out within the above regulations. Water undertakers have a statutory right to enter KCTMO premises to take samples of drinking water to ensure they are fit for human consumption.
- 8.4 The quality of water for other purposes must not be knowingly compromised. However, due to its storage and treatment, must be considered unfit for human consumption.
- 8.5 Outlets supplying ‘potable’ (fit for human consumption) water in schemes with a communal service must be identifiable by pictogram labels bearing the words “Drinking Water” to distinguish them from other supplies. Where there are significant numbers of permanent residents for whom English is not their first language, consideration is given to displaying this information in the residents’ principle language.
- 8.6 For accommodation served directly from the public mains water supply, the cold water tap serving the kitchen sink should be connected directly to the incoming mains water service immediately after the ‘stopcock’ and before any other connection, including hose connections. There is no requirement to label this tap as ‘drinking water’ but residents should be reminded (via the Tenant Handbook) that only the kitchen sink tap should be used for drinking water.
- 8.7 Drinking water dispensers shall only be connected to a mains water supply.
- 8.8 In order to prevent Legionella growth and to avoid scalding, temperature parameters for water used in KCTMO premises should be in accordance with the table in section 7.4 of this document.

9 SAFE WATER TEMPERATURES

- 9.1 Where schemes have residents who may be considered vulnerable, the use of Thermostatic Mixing Valves (TMVs) will be considered. Reference should be made to the Building Research Establishment information paper “Preventing hot water scalding in bathrooms: using TMVs”.
- 9.2 All outlets in ‘extra care’ facilities capable of supplying hot water in excess of 43°C must be identified by pictogram labels bearing the wording “CAUTION Very Hot Water”.
- 9.3 Unless shown otherwise above, water temperatures in general needs accommodation should follow normal domestic practice.

- 9.4 Hot Water Storage Cylinders within individual units of general needs accommodation must have control thermostats set at 60°C and a high limit thermostat (where fitted) at 70°C. Additionally a label should be applied to the cylinder immediately adjacent to the thermostat or immersion heater(s) stating the following:-

CAUTION

The temperature of this water has been pre-set at 60°C for Health & Safety reasons.

DO NOT ADJUST THERMOSTAT OR REMOVE THIS LABEL

Immediately turn the immersion heater off at the wall and contact Customer Services should any of the following happen:-

- i. Water flowing from taps is excessively hot.
- ii. Hot water tank makes 'bubbling' noise.
- iii. Hot water flows from cold water taps.
- iv. There is steam/moisture in the roof space.
- v. Steam and/or hot water is flowing from an overflow pipe on the outside wall.

10 WATER WASTAGE

- 10.1 The use of excessive amounts of water (whether by losses or wastage) are to be avoided to conserve resource and minimise cost. Detailed requirements are set out in the Water Supply (Fittings) Regulations 1999. However the following provides a useful rule of thumb.
- 10.2 Water Economy Guide

Appliance

Cold Water Storage
Sheltered Schemes

Guide

Nominal 12 hours total on-site storage. Tanks over 1000 Litre normal capacity should be fitted with 25 mm nominal diameter warning pipes mounted with the invert level 25 mm above the normal water level and 50 mm below the overflow.

Cold Water Storage – General
Needs Accommodation

To be served by mains fed systems wherever possible but limited to 120 Litres elsewhere.

Hot Water Storage – General
Needs Accommodation

To be served by means of mains fed systems (Combination Boilers or Un-vented Cylinders) wherever possible.

WC Cisterns

6 Litre nominal capacity.

Auto-flushing Cisterns

10 Litres per hour at the rate of no more than 3 flushes per hour, reducing to 7.5 Litres per urinal per hour for more than one urinal per auto-flush cistern.

Wash hand basins and Baths

Waste plugs are to be fitted to all basins and baths. Self-closing, non-concussive pattern (not spray pattern) taps should be fitted, as a minimum, to basins in public areas of all new developments, including toilets.

Brass Pipe fittings

De-zincification-resistant (DZR) WRAS-approved fittings to be used.

General

Use self-closing taps or hose pipe devices for all external applications. Avoid uncontrolled irrigation.

11 MAINTENANCE, TESTING, MONITORING & RECORDS

- 11.1 The primary purpose of maintenance and testing is to ensure that each system is performing safely and effectively. The Specification for the KCTMO water hygiene regimes is shown in the Water Hygiene Contract Specification.
- 11.2 The objective of the KCTMO monitoring and auditing regime is to ensure that both maintenance and testing processes are maintaining safety and effectiveness. An outline specification for KCTMO water hygiene regime is shown in Appendix B.
- 11.3 KCTMO will maintain (or have unrestricted access to) records of:
- a) The schematic arrangement of the water services within each sheltered scheme and other properties communal service. The arrangement must show all main items of plant, distribution circuits (including all dead legs) main appliances and all Sentinel outlets.
 - b) All risk assessments and mitigating action including progress.
 - c) All additions, alterations or other amendments to each system, including testing and commissioning data.
 - d) All planned preventative maintenance (PPM) including results of each service/inspection.
 - e) All major failures of the systems including those caused by plant failure.
 - f) All temperature testing, sampling, monitoring and auditing results.
 - g) Competence in terms of training, current knowledge, experience, certification and assessment of all KCTMO personnel.
- 11.4 If a domestic water system is taken out of use for alterations or if a system or area is unused for 7 or more days, the site responsible person must ensure that one of the following procedures is undertaken.
- a) For short-term durations (up to 6 weeks) instigate a regime of regular weekly flushing of all affected outlets. All hot and cold outlets to be flushed for a period of 2-3 minutes and recorded in the maintenance log book.
 - b) For longer-term durations (in excess of 6 weeks) the affected system or area should be drained down, following by a cleaning and disinfection prior to re-use.
- 11.5 No alterations to a domestic water system shall be undertaken without prior written authorisation from the KCTMO site responsible person.
- 11.6 All contractors undertaking work on a KCTMO domestic water system shall be members of the Water Industry approved plumber scheme.
- 11.7 Specialist contractors shall conduct water sampling from every communal cold water storage tank and Calorifier, as per the contract specification. Samples are to be analysed by UKAS laboratories as follows:

Control Limits

Total Viable Colony Count (TVC) – 3 days at 22°C <10 cfu/ml
(22°C is the average ambient temperature and so this gives the concentration of aerobic bacteria in the system)

TVC – 1 day at 37°C <100 cfu/ml
(This is equivalent to body temperature and gives the concentration you could expect in the body after one day)

MPN (most probable number of E-coli and coliforms) <1 cfu/ml

Results are held by the Responsible Person together with subsequent disinfections etc.

In the event of any results being outside acceptable limits, it may be considered prudent to test for Legionella. In these cases, remedial works will be undertaken to ensure water quality is brought back within safe limits.

11.8 Records of activities will be maintained for each location and (where appropriate) this will be stored electronically. Specifically, the following details will be held:

- Full site address
- Name of site contact
- Name of risk assessor and the company name
- Name of KCTMO site responsible person
- Date of assessment
- Schematic drawing of water storage tanks and associated pipework
- Detail of operation relevant to controlling the risk
- Controls to be implemented, complete with Schedule.

All alterations to the system and all remedial works of any description **must** be recorded.

12 **Author and Review Date**

12.1 J Wray - Health Safety and Facilities Manager

M Rawlings - Contract Manager A&R

J Borra - Policy and Compliance Manager A&R

Review date September 2016

13 APPENDICES

Appendix A

Understanding Legionnaire's disease

Caused by the bacterium *Legionella pneumophila*, and related bacteria, Legionnaires' disease is a form of pneumonia that can affect anybody but particularly:

- people over 45 years old, particularly men;
- smokers;
- heavy drinkers;
- diabetics;
- sufferers of chronic respiratory or kidney disease; and
- People whose immune system is impaired.

Infection is often fatal however it can cause less serious illnesses though not fatal or permanently debilitating. On average, there are 200-250 reported cases of Legionnaires' disease each year in the UK. Studies show that most cases of Legionellosis have been attributed to hot and cold water services in a variety of buildings, cooling towers and whirlpool spas where there is inadequate or inappropriate cleanliness and/or maintenance.

Infection is attributed to inhaling legionella bacteria, either in tiny droplets of water (aerosols small enough to penetrate deeply into the lung), or in droplet nuclei (the particles left after the water has evaporated). These bacteria are commonly found naturally in ground soil and water sources such as rivers, lakes and reservoirs - although usually in low numbers. They can survive under a wide variety of environmental conditions and have been found in water at temperatures between 6°C and 60°C. Water temperatures in the range of 20°C to 45°C favour growth although the organisms do not appear to multiply below 20°C and will not survive for long periods above 60°C.

They may however, remain dormant in cool water and multiply only when water temperatures reach a suitable level. Temperatures may also influence virulence; legionella bacteria held at 37°C have greater virulence than the same legionella bacteria kept at a temperature below 25°C. Given a suitable means of creating and transmitting water droplets, (i.e. by operating showers and opening tap outlets etc.) people in the vicinity thus become exposed to risk of infection.

Symptoms are similar to pneumonia following an incubation period of between 2 to 10 days (usually 3-6 days). Some patients also exhibit other symptoms such as diarrhoea, sickness, stomach upsets and malfunction of the central nervous system. Mild cases may recover without antibiotic therapy and in large outbreaks the mortality rate varies between 10 to 25% with survivors usually making a full recovery.

Sources of nutrients include commonly encountered organisms within the water system itself such as algae, amoebae and other bacteria. The presence of sediment, sludge, scale and other material within the water system are also thought to play an important role in harbouring and providing favourable conditions in which legionella bacteria may grow. Sludge and scale can protect legionella bacteria from temperatures (and concentrations of biocide) that would otherwise kill or inhibit these organisms if they were freely suspended in the water. As legionella bacteria are commonly found in a variety of environmental sources they can colonise buildings' water systems including cooling tower systems, hot and cold water systems and other plant which either use or store water.

The most effective way to minimise the risk in domestic water systems is to ensure good hygiene, cleanliness and effective temperature control keeping cold water below 20°C with hot water stored above 60°C and distributed above 50°C.

Appendix B

SUMMARY OF TENURES, WATER HYGIENE RISK ASSESSMENTS AND MONITORING REGIMES

Tenure	Configuration of Water Services	Type of Water Hygiene Monitoring Regime	Type of Water Services ACOP-L8 Risk Assessment	Comments
Sheltered/ supported	Communal, stored hot and cold water services	Type 1	Site specific	Calorifier(s) and CWS tank(s)
Sheltered/ supported	Communal, stored cold water services only	Type 2	Site specific	CWS tank in roof void
Sheltered/ supported	Fortic tanks in flats for hot water	Type 3	Site specific	Fortic tanks in flats
Supported	Housing of multiple occupation	Type 4	Site specific	Domestic scale hot and cold water services
Residential	Communal, stored hot and cold water services	Type 5	Site specific	Calorifier and CWS tank
Residential	Communal, stored cold water services only	Type 6	Site specific	CWS tank in roof void
Sheltered/ supported	Dwelling with potable cold water and point of use hot water services	None	Generic	Dwelling with Combi boiler
Residential	Individual stored hot or cold water services for dwelling	None	Generic	HWS cylinder in each flat
Residential	Dwelling with potable cold water and point of use hot water services	None	Generic	Dwellings with Combi boiler

WATER HYGIENE REGIMES

TYPE 1

Frequency	Item	Action	Comments
Weekly	Outlet flushing	Flush any unused outlets for 2 minutes	<u>Scheme Staff action</u>
Monthly	Outlet temperature checks	Hot and cold Sentinel outlets as per ACOP-L8	
Monthly	Input temperatures to TMV's	Hot only. Sample at least 5 TMV's	
Monthly	Calorifier(s) inlet and outlet temperatures		Use surface probe to check gauges (if fitted)
Six monthly	Input to cold water tank(s)		Ball valve outlet is preferred location
Six monthly	Showerhead clean and disinfect	All communal showers and showers in flats	Can be carried out on a rolling programme
Six monthly	Outlet temperature checks	Randomly selected outlets (5 hot/5 cold)	Choose different outlets at each visit if possible
Annual	Lp sampling	Hot and cold Sentinel outlets plus a further 5 randomly selected outlets	
Annual	Visual inspection of cold water tank(s)	Internal and external inspection including a consumption assessment	
Annual	Calorifier blowdown	Visual inspection and sample for Lp analysis	
Annual	Tank room/plant room checks	General checks for security, access, safety, leaks etc.	
Annual	Record review	Ensure records are comprehensive and up to date	

WATER HYGIENE REGIMES

TYPE 2

Frequency	Item	Action	Comments
Weekly	Outlet flushing	Flush any unused outlets for 2 minutes	<u>Scheme Staff action</u>
Monthly	Outlet temperature checks	Hot and cold Sentinel outlets as per ACOP-L8	
Six monthly	Input to cold water tank(s)		Ball valve outlet is preferred location
Six monthly	Showerhead clean and disinfect	All communal showers and showers in flats	Can be carried out on a rolling programme
Six monthly	Outlet temperature checks	Randomly selected outlets (5 cold)	Choose different outlets at each visit if possible
Annual	Lp sampling	Sentinel outlets plus a further 5 randomly selected outlets	
Annual	Visual inspection of cold water tank(s)	Internal and external inspection including a consumption assessment	
Annual	Tank room/plant room checks	General checks for security, access, safety, leaks etc.	
Annual	Record review	Ensure records are comprehensive and up to date	

WATER HYGIENE REGIMES

TYPE 3

Frequency	Item	Action	Comments
Weekly	Outlet flushing	Flush any unused outlets for 2 minutes	<u>Scheme Staff action</u>
Annual	Lp sampling	Hot and cold Sentinel outlets	
Annual	Fortic tanks (complete)	Visual inspection, check thermostat setting, temperature monitoring	Sample 10% of flats in block
Annual	Record review	Ensure records are comprehensive and up to date	
Annual	Showers (in flats and communal)	Showerhead clean and disinfect	Can be carried out on rolling programme

TYPE 4 (*)

Frequency	Item	Action	Comments
Weekly	Outlet flushing	Flush any unused outlets for 2 minutes	<u>Scheme Staff action</u>
Monthly	Outlet temperature checks	Hot and cold Sentinel outlets as per ACOP-L8	
Six monthly	Calorifier(s) inlet and outlet temperatures		
Six monthly	Input to cold water tank(s)		Ball valve outlet is preferred location
Annual	Lp sampling	Hot and cold Sentinel outlets	
Annual	Calorifier blowdown	Visual inspections and sample for Lp analysis	
Annual	Cold water storage tank	General checks for security, access, safety, leaks etc.	
Annual	Record review	Ensure records are comprehensive and up to date	

(*) Based on there being no Client Groups being housed which are in 'higher risk' category in terms of Legionnaires disease.

WATER HYGIENE REGIMES

TYPE 5

Frequency	Item	Action	Comments
Six monthly	Outlet temperature checks	All hot and cold outlets in communal areas	Only cold outlets are envisaged
Six monthly	Input to cold water tank(s)		Ball valve outlet is preferred location
Six monthly	Calorifier(s) inlet and outlet temperatures		Use surface probe to check gauges (if fitted)
Annual	Lp sampling	Tank(s) outlets and calorifier(s) outlets plus a further 2 communal outlets if applicable	
Annual	Tank room/plant room check	General checks for security, access, safety, leaks etc.	
Annual	Record review	Ensure records are comprehensive and up to date	

TYPE 6

Frequency	Item	Action	Comments
Six monthly	Outlet temperature checks	All hot and cold outlets in communal areas	Only cold outlets are envisaged
Six monthly	Input to cold water tank(s)		Ball valve outlet is preferred location
Annual	Lp sampling	Tank(s) outlets plus a further 2 communal outlets if applicable	
Annual	Tank room/plant room check	General checks for security, access, safety, leaks etc.	
Annual	Record review	Ensure records are comprehensive and up to date	

Appendix C

Outline Specification for Monitoring and Auditing

The KCTMO's monitoring and auditing regime is designed to ensure both maintenance and testing processes are actually maintaining safety and effectiveness. The following schedule sets out the necessary checks and balances to ensure KCTMOs legal compliance and that it's Policy and Procedures are effective.

Measure	Parameter	Undertaken by	Frequency
Contractor Competence	All contractors, consultants and advisors (both individual staff and corporately) are trained, knowledgeable and experienced	Responsible Person	Annually or prior to appointment
Laboratory Analysis	All specified water samples tests have been analysed by a UKAS accredited laboratory and results are within acceptable parameters.	Subject Matter Expert	As per Specification
Occupant Vulnerability	Sheltered Housing Officers routinely assess and update the vulnerability of their occupants to the risk of water borne disease, infection or scalding by excessively hot water. Records are accurate and KCTMO's Responsible Person is being notified.	Responsible Person	Quarterly
Planned Preventative Maintenance Reports	All maintenance has been undertaken in accordance with the KCTMO specifications, records are accurate, meaningful and timely. Follow-up action taken.	Site Responsible Person	Monthly
Records of system additions, amendments or alterations	System changes have been recorded, including Sentinel Outlet locations, and record drawings amended.	Responsible Person	Annually or on notification of change
Risk Assessment process	Every risk identified has been competently assessed and results acceptable. Results have been reviewed every 2 years or as a result of a 'trigger point'	Responsible Person	Annually
Risk Assessment Register	The Risk Assessment Register has been accurately maintained and is reviewed at least once per quarter year.	Subject Matter Expert	Annually
Risk Identification	All KCTMO and contract staff are encouraged to identify risks.	Responsible Person	Quarterly
Risk Mitigation Action	Prioritised Risk Mitigation action is being progressed and accurately tracked as part of the quarterly Risk Assessment Register review.	Subject Matter Expert	Annually
Competence	All key personnel are adequately trained, knowledgeable and experienced	Subject Matter Expert	Annually
Management Responsibilities	KCTMO's Management Board understands its responsibilities and has formally appointed competent personnel to manage water services on its behalf.	Subject Matter Expert	Annually
	KCTMO Policy and Procedural guidance is compliant with current legislation, regulations and ACOPS. Subject Matter Expert has provided the necessary advice.	Subject Matter Expert	Annually

Staff Training	All relevant staff and management have received the appropriate level of training, including refresher training, as necessary.	Subject Matter Expert	Annually
Schematic Drawings	All schematic drawings have been regularly reviewed and updated	Regional Asset Managers and Responsible Person	Annually
System failures	All major system (both managerial and technical) and plant failures, together along with any remedial action, have been recorded.	Responsible Person	Annually
Test Results	All adverse test results have been checked and follow up action taken	Responsible Person	Quarterly
Testing Process	All testing has been undertaken in accordance with specifications, records are accurate, timely and meaningful.	Contract and Asset Managers	Monthly

Appendix D

Summary technical requirements of the Water Supply (Fittings) Regulations 1999

Replacing the 50 year old Water Bylaws, Water Supply (Fittings) Regulations 1999 came into force on 1 July 1999. The following summary sets some of the Regulations main technical points.

- a) Backflow contamination, such as via careless temporary installations on building sites, is an offence.
- b) Protection against freezing, loading and all other stresses is required.
- c) Fittings strong enough to withstand 1.5 times the maximum operating pressure for an installation are compulsory.
- d) All fittings and joints must be accessible.
- e) The cold water supply must not run warm, maximum 23°C at point of supplier's delivery.
- f) Every premise must have a separate supply.
- g) Backflow prevention devices must be fitted to suit categories of fluid involved. In particular, shower hoses to have restraining rings to prevent back flow of contaminants.
- h) Cold water cistern overflow warning pipes, and covers against light and insects, required
- i) The main water supply to be kept free from cross-contamination by heating or expansion water.
- j) Ponds, fountains and pools to be lined, and animal trough supplies to be controlled.
- k) Power showers, bidets, reverse osmosis units, water softeners, vehicle washing machines and reduced pressure zone valves passing over 20 litres per minute will only be allowed after notification to the water suppliers. Compulsory metering may be imposed by water companies in the light of such notification.
- l) For these and a number of other installations, 10 days' notice with details of the work, installer, premises, etc. to be given to the statutory undertaking.
- m) Baths, basins etc. must have either plugs, non-concussive or spray-taps, except for medical use.
- n) All premises must have to have at least one drinking water tap.
- o) Washing machines are limited to 27 litres per kg of washing, washer driers to 48, and dishwashers to 4.5 litres per place setting.
- p) 'Grey' or recycled water must be totally separate, and clearly identifiable, from mains supplied plumbing systems.

Water Management Risk Assessment Guidance

1. The following tables outline those factors to be considered by Competent Assessors when considering potential risks associated with the operation and maintenance of domestic water services.
2. Once assessed the Impact and Probability for each risk should be entered on to the KCTMO's Water Services Risk Assessment Register which will automatically generate an indication of the overall risk incurred.

CALCULATION OF RISK THREAT PRIORITY (As recorded on Risk Register)			
RISK THREAT RATING = Probability Risk Factor x Impact Risk Factor			

PROBABILITY OF OCCURENCE RISK				Risk Factor
High	Highly Likely	Very frequent occurrence	> 51% chance	5
	Likely	Evens chance of occurrence	31 - 50% chance	4
Medium	Fairly Likely	Occurs quite often	21-30% chance	3
Low	Unlikely	Small likelihood but could happen	1-10% chance	2
	Very Unlikely	Not expected to happen	< 1% chance	1
IMPACT OF OCCURENCE				Risk Factor
High	Severe Impact	Infection, Poisoning or Scalding of the Elderly, Very Young and those with Mental Health, Learning Disabilities, impaired sensitivity or mobility (permanent or temporary)		3
Medium	Substantial Impact	Infection, Poisoning or Scalding of other tenants, staff and members of the general public not classified as at medium or high risk as defined above.		2
Low	Marginal Impact	Excessive loss or wastage of water Failure to employ WRAS approved fittings and materials		1

PROBABILITY – IMPACT MATRIX					
High	Highly Likely (5)	5	10	15	PROBABILITY
	Fairly Likely (4)	4	8	12	
Medium	Likely (3)	3	6	9	
Low	Unlikely (2)	2	4	6	
	Very Unlikely (1)	1	2	3	
Numbers within each shaded cells reflect the calculated RISK THREAT RATING		Low (1)	Medium (2)	High (3)	
		IMPACT			
Probability - Impact Matrix "Traffic Light" Reporting Colour Code					
Green		Amber		Red	
An acceptable Risk		A manageable Risk		An unacceptable Risk	
Risk Threat Rating = <= 2		Risk Threat Rating = 3 - 4		Risk Threat Rating = > 5	

Keystone Asset Management Database

1. Introduction

KCTMO utilise the Keystone Asset Management System in the management of works and the maintenance and ongoing capture of data.

The following sets down in broad terms what will be expected and required of any Service Provider.

The KCTMO's specific technical requirements are detailed within the document entitled "Configuring and Monitoring Keystone Servicing and Inspection Interfaces". This is the technical framework upon which a tenderer will base their price/cost within their Tender for this aspect of their service and if successful, will be required to work to.

Note: A key part of the tender evaluation process will be the need for prospective tenderers to demonstrate a clear understanding of the KCTMO's needs and requirements and that they can comply with the requirements contained in the above document.

2. Requirements

From the date of appointment, the Service Provider will be required to provide the following information required by the KCTMO to update the Keystone Asset Management database:

- a) In relation to planned maintenance, the data to be provided shall include the date planned maintenance is undertaken, the outcome of the visit, relevant documentation, the filename of any relevant documentation and any relevant comments.
- b) Regarding any works undertaken relating to the installation of equipment (i.e., new radiators) in dwellings, the Service Provider shall give the date the works were undertaken, type of equipment installed and cost, relevant evidencing documentation, the file name of any relevant documentation and any relevant comments.
- c) In the event that the Service Provider discovers any discrepancies in the list of assets provided, replaces, removes or adds any additional equipment, then the Service Provider shall update the system providing all relevant details, with an accompanying statement confirming all changes made and why.
- d) Any Asbestos inspection and removal information shall be provided to the KCTMO using the data and document transfer method specified. This information will be delivered to the KCTMO within one week of the Asbestos inspection/assessment taking place.

3. Information Format

The information shall be provided in a format to be agreed with the KCTMO following Service Provider

appointment and prior to Contract commencement and will (where possible) form part of the Contract obligations. The data provided shall be used by the KCTMO to update their Asset Register

via the "Keystone Generic Interface (KGI)".

On receipt of the relevant data, the KCTMO will update the Asset Register by populating data against the appropriate KGI, property, component and date records.

When providing any of the above information, the Service Provider shall ensure that all data and document items are explicitly referenced to the UPRN (unique property reference number) allocated by the KCTMO for the property and complies with validated naming and component classification developed by the KCTMO. ***Failure to comply with this data structure may result in failure of data submission.***

The KCTMO shall allow the Service Provider to have access to “Keystone Kiosk” in order to access the Health & Safety information held by the KCTMO in relation to their properties. The majority of this information comprises of Asbestos survey reports.

4. **Mobilisation**

In order to develop any required data systems, the Service Provider shall make provision for an appropriately experienced senior Information Technology (I.T.) staff resource to work with the Employer during the mobilisation period.

This work will involve agreeing the format of the data to be uploaded (potentially by either e-mailing an Excel spreadsheet, use of Dropbox or ftp) with any necessary protocols regarding such uploads i.e., how updates are notified and the frequency of uploads.

5. **Post-Contract Review of Data Capture**

The KCTMO and the Service Provider shall review the operation of the data capture arrangements at an appropriate time (to be determined) after the commencement of the Contract. The Service Provider shall make provision for an appropriately experienced IT staff resource to undertake this joint review with the Employer (estimated to take in the region of 2 days).

Following the review the Service Provider will implement any recommendations arising in line with the Employer’s requirements.

Note: “KSI Generic Interfaces” is held on the Assets & Regeneration Intranet page under ‘Assets & Regeneration – Policies’.

Information for Homeowners (Leaseholders)

Information has been included in the Residents Handbook advising homeowners on the water quality risks in leaving their properties unoccupied for long periods, which equally apply to KCTMO tenants and what they can do to reduce these risks. Specifically:

*“Leaseholders who leave their properties unoccupied for lengthy periods should be aware of the enhanced risk of a build-up of bacteria in the unused service. Leaseholders are encouraged to adopt a good housekeeping policy to safeguard both their own health and that of their neighbours. If you anticipate an extended absence (**greater than 2 weeks**) the following procedure should be adopted, as a minimum:-*

- *On returning to your home, run all water outlets for at least one minute prior to use.*
- *Ideally, where practical, arrange for someone to run all outlets (taps) on a weekly basis as above.*
- *Clean and disinfect shower head regularly.*

In general, unused or seldom used services can act as a ‘dead leg’ of stored water with risk of contaminating other parts of the system. It is therefore important that you take steps to prevent a build-up of potentially harmful bacteria in your water supply”.

KENSINGTON & CHELSEA TMO

Water Management Policy

Latest Working Document Dated **22nd October 2015** **Version Two**

Version	Date	Reason for change	Authorised by	Review Date
Draft One	Sept 2015	Initiation and supersede previous policy		TBC
Draft Two	Oct 2015	Feedback received from Company Secretary		

Table of Contents

1 INTRODUCTION

2 AIMS & OBJECTIVES

3 POLICY STATEMENT

4 POLICY IMPLEMENTATION

5 LEGAL FRAMEWORK

6 AUTHOR/REVIEW DATE

Appendix A - Key Contact Details

1 INTRODUCTION

- 1.1 The Royal Borough of Kensington & Chelsea Tenant Management Organisation Limited (hereinafter referred to as the "KCTMO") water management policy aims to deal with the Company's obligations as agent of RBKC to provide residents with potable drinking water and specifically to protect persons (both residents and non-residents) from the known risks arising from water storage and handling, specifically:

- infection by Legionella bacteria or other harmful microorganisms; **AND**
- The risk of scalding to vulnerable residents in sheltered accommodation as a result of the temperature of stored and distributed water.

2 AIMS & OBJECTIVES

- 2.1 The objective of this document is to set out the KCTMO corporate policy on the management of water services within its managed premises.
- 2.2 The KCTMO has obligations both as an employer and a managing agent. Employer obligations apply not only to its office spaces and other workplaces but also to the welfare of employees when visiting properties which it manages.
- 2.3 Under the Health & Safety at Work Act 1974, the obligation of KCTMO is to "ensure so far as is reasonably practicable, the health and safety and welfare at work of all employees". The duty extends to non-employees including residents, contracted representatives, agents and members of the public.
- 2.4 The water management procedure relates to the control of water-borne bacteria and, in particular, Legionella pneumophila. However, other water management aspects considered include: safe water temperatures, and water wastage. The Managerial and technical guidance is provided in a separate 'Water Management Procedures' document which can be found on the intranet.
- 2.5 The legislation applicable in relation to the management of Legionella is listed in Section 6 of this document.
- 2.6 The format of this Policy follows basic quality management principles to convey information in a practical and auditable manner. As such it is issued as a "controlled document" that has been subject to managed preparation and authorisation.

3 POLICY STATEMENT

- 3.1 ***The KCTMO water management policy is to provide occupiers of its premises, its staff and visiting members of the public with adequate supplies of good quality water without incurring foreseeable risks or undue wastage. In addition, this policy seeks to manage and control the risk of scalding to vulnerable residents in our Sheltered Accommodation. This Policy will be implemented through effective water management.***

4 POLICY IMPLEMENTATION

- 4.1 Acting on behalf of KCTMO, a number of individual members of staff shall hold the operational responsibility, for the effective management of water services. These responsibilities are summarised below.

4.2 **Duty Holder: Head of Contract Management**

The 'Duty Holder' is responsible for ensuring the overall effectiveness, maintenance and implementation of this Policy on behalf of the KCTMO, as defined in the H&S Executive's Approved Code of Practice for controlling the risk of Legionnaire's disease.

4.3 **Responsible Person: Contract Manager**

The 'Responsible Person' is responsible for all day-to-day water management issues and should have a sound working knowledge of the properties and their water systems, to ensure that all operational procedures are carried out in a timely and effective manner and any necessary remedial works are prioritised and progressed in accordance with risk.

4.4 **Deputy Responsible Person: Assistant Contract Manager**

It is recommended that a deputy or deputies be appointed who have a clear understanding of the overall water management structure and who can provide cover in the event of annual leave or sickness absence.

4.5 **Site Responsible Person: Sheltered Housing Officers**

Scheme Manager(s) /

The 'Site Responsible Person' is responsible for reporting any water hygiene issues as soon as they arise or are known. In the event of the Site Responsible Person being absent, colleagues will provide cover. Responsibility for Flushing" of seldom used outlets to be confirmed.

Key Contact Details are included in Appendix A

5 **LEGAL FRAMEWORK**

5.1 The legislation applicable to KCTMO's water management responsibilities are a number of Statutory Enabling Acts (England and Wales) and subordinate regulations, the most important of which are:.

- a) Water Industry Act 1991
- b) Water Supply (Water Quality) Regulations 2000
- c) Water Supply (Fittings) Regulations 1999
- d) Building Act 1984 and subordinate regulations
- e) Health & Safety at Work etc. Act 1974 is the enabling act for the Workplace (Health, Safety & Welfare) Regulations 1992
- f) Corporate Manslaughter and Corporate Homicide Act 2007

6 **AUTHOR AND REVIEW DATE**

6.1 J Wray – Health Safety & Facilities Manager M Rawlings – Contract Manager A&R J Borra – Policy and Compliance Manager A&R

Review date October 2016

Appendix A

TITLE	KEY CONTACT	CONTACT DETAILS
Duty Holder	A Bosman Head of Contract Management	Tel: [REDACTED] E Mail: abosman@kctmo.org.uk
Responsible Person	C Saul Assistant Contracts Manager	Tel: [REDACTED] E Mail: csaul@kctmo.org.uk
Head of Housing Support Services	H Chamchoun	Tel: [REDACTED] E Mail: hchamchoun@kctmo.org.uk
Site Responsible Person	70 Tavistock Road J Bull	Tel: [REDACTED] E-Mail: TMO2YOU@kctmo.org.uk
	Whitchurch House J Hobbins	Tel: [REDACTED] E-Mail: TMO2YOU@kctmo.org.uk
	1 Nursery Lane J Fitzgerald	Tel: [REDACTED] E Mail: TMO2YOU@kctmo.org.uk
	Worlds End J Twomey	Tel: [REDACTED] E Mail: TMO2YOU@kctmo.org.uk
PPM Contractor	M Bambury Projects Engineer Clearwater Ltd	Tel: [REDACTED] Mob: [REDACTED] E Mail: mark.bambury@clearwater.eu.com

**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 4 January 2016 at 6.30 pm
at 346 Kensington High Street, London W14 8NS

PRESENT:

Resident Board Members	Fay Edwards Tony Annis Anne Duru Brendan Tracey Kush Kanodia Deborah Price	- Chair
-------------------------------	---	---------

Council-Appointed Board Members	Cllr Maighread Condon-Simmonds Jeff Zitron Paula Fance Cllr Judith Blakeman
--	--

Independent Board Members	Peter Chapman
----------------------------------	---------------

APOLOGIES:	Maria Escudero-Barbaza Mary Benjamin Anthony Preiskel Simon Brissenden
-------------------	---

IN ATTENDANCE:	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
	Peter Maddison	- Director of Assets and Regeneration
	Steve Mellor	- RBKC
	Gill Petford	- Executive Manager
	Daniel Asamoah	- Company Secretarial Assistant (Minutes)

5. MINUTES OF THE CONFIDENTIAL MEETING HELD ON 10 SEPTEMBER 2015

- 5.1 The Board agreed that the minutes of the confidential meeting held on 26 November 2015 was a true and accurate record of the meeting and **RESOLVED TO** approve the minutes of the meeting.

6. MATTERS ARISING

6.1 Risk Register Review Session

The Board noted that the session for the review of the risk register was scheduled for 28 March 2016, ahead of the Operations Committee meeting.

- 6.2 It was noted that the measurable targets for the assessment of the impact of the Company's Business Plan would be provided to a future meeting of the Board.

- 6.3 It was further noted that the report measuring the commerciality of the cost model for the subsidiary company would be presented at a future meeting of the Board.

7. GROUP BUDGET 2016/17

- 7.1 Barbara Matthews presented the proposed Group Budget for the 2016/17 financial year to the Board. It was noted that the basis of assumptions used in preparing the budget were as follows:

- 1% inflation on management fees;
- 1% inflation increase on salaries 2016-17;
- Employer's pension contribution at 20.5%; and
- Corporate services recharge to Repairs Direct increased by 1%.

- 7.2 The Board noted the following highlights of the report:

- the Group surplus was £173k;
- the Group income was budgeted at £19.8k with a total expenditure of £19.5k giving the Group a surplus of approx. £200k.
- the overall surplus of £37k for the Company would decrease to £1k as a result of the £36k cost for the CRM mobilisation.

- 7.3 Cllr. Judith Blakeman expressed her concern on the digital TV income and questioned why the cost was recurrent to tenants. Rupa Bhola explained that the initial contract was for a 10-year term hence the recurring cost to the tenants.

- 7.4 Barbara Matthews drew the attention of the Board to the proposed budget for the subsidiary company's budget. It was noted that other than the exception of the employer's pension contribution being 6 per cent, all of the assumptions used in preparing the budgets were similar to assumptions for the Group budget.

- 7.5 The Board noted that the subsidiary company was expecting to achieve an income of £5.6m based on the new charging model.

- 7.6 The Board was informed that the notable risks to the delivery of the budget were:

- the timely delivery of the Customer First initiative within the specified budget;

- the limited capacity to absorb further change costs; and
- the costs for website and intranet project which were not included in the budget.

Kush Kanodia expressed concern about the expectations of the subsidiary company's budget considering the risks highlighted. Barbara Matthews explained that a reduction in the forecast was likely to be expected when the cost for the website and intranet project were ascertained and accounted for in the budget. She added that an update of the budgets would be provided in the next financial year to reflect any changes

- 7.7 Peter Chapman questioned the staffing cost in the revised budget for the subsidiary company. Rupa Bhola highlighted that the number of works undertaken in-house was intended to be expanded and the use of sub-contractors reduced, however, this meant that the permanent staffing structure needed to increase to meet the expected expansion to in-house works.
- 7.8 Brendan Tracey questioned how the inter-company recharge percentages were arrived at and it was clarified that they were set by best business practice averages. Brendan further questioned why the subsidiary company was handling voids works rather than these being outsourced.
- 7.9 The Board noted that the Company's management fee had been agreed to be maintained with an inflationary increase. The subsidiary company was generating a surplus and it had sufficient cash to make a loan repayment to the Company. It was suggested that an options appraisal report should be presented to the Board to consider the use of the surplus made in the Group.
- 7.10 The Board **RESOLVED TO:**
- (i) approve the Company's budget as presented for the 2016/17 financial year;
 - (ii) approve the revised budget for Kensington and Chelsea TMO Repairs Direct Limited (RD) for the 2015/16 financial year; and
 - (iii) approve the RD budget for the 2016/17 financial year.

8. HOUSING REVENUE ACCOUNT (HRA) BUDGET 2016-17

- 8.1 Steve Mellor and Barbara Matthews presented the HRA budgets for the 2016-17 financial year and the planned rent levels for 2016/17.
- 8.2 It was noted that the budgeting process started with the HRA budget being presented to the Board, and then considered by the Tenants Consultative Committee, and finally presented to the Scrutiny Committee before final approval by the Cabinet member. Steve Mellor explained how key national policy changes such as: (i) reduction in social rents; (ii) sale of high value voids; (iii) the introduction of Pay to Stay and (iv) changes to benefits would impact the HRA. He added that the implications of policy changes had not been considered in the report.
- 8.3 The Board noted the highlights of the budget set out in the report. He Board also noted rent setting methodology prescribed particularly with the rent decrease of 1% which would cause a deterioration in HRA outlook with opportunities to increase capital resources are now limited.

- 8.4 Cllr Blakeman questioned whether the company was able to retain any monies raided from the new parking arrangements instead of being paid into the general fund. Steve Mellor clarified that the revenue from the parking arrangements would be allocated to the parking reserve account which could be claimed back where the appropriate criteria was met.
- 8.5 Paula Fance sought clarity on the proportion of any household income that would count towards the Pay to Stay scheme. Robert Black explained that it is not yet clear how it would be determined. Kush Kanodia questioned whether there would be a local provision element in the right-to-buy provisions. Steve Mellor explained that RBKC was not yet aware of how properties were going to be replaced because the rules were not fully clear.
- 8.6 Cllr. Judith Blakeman sought clarity on whether pensioners were going to be excluded from the Pay-to-Stay scheme. Steve Mellor explained that it was not yet clear who would be affected.
- 8.7 Kush Kanodia asked whether there was a limit or exclusion on universal credit in relation to Pay to Stay because some households may have multiple occupants on universal credit. Robert Black explained that it was not yet clear what source of income was being considered. He added that it would be difficult to get the information unless the information could be obtained from HRMC.
- 8.8 The Board **RESOLVED TO:**
- (i) agree the revisions to the 2015/16 HRA budgets;
 - (ii) agree the proposed HRA budgets for the 2016/17 financial year;
 - (iii) agree to recommend the revisions to the 2015/16 HRA budgets to RBKC; and
 - (iv) agree to recommend the proposed HRA budgets for 2016/17 to RBKC.

9. CHIEF EXECUTIVE'S REPORT

- 9.1 Robert Black invited the Board to note and congratulate Fay Edwards for her award of the British Empire Medal.
- 9.2 Robert Black presented his update to the Board which highlighted the following:
- the Company was awarded a 'One to Watch' from Best Companies.
 - the outcomes from the November Board Away Day were being compiled as action plans to be presented to the Board at a future meeting.
 - it was now a statutory duty for local authorities to address and prevent radicalism. The Company took part in a workshop to raise our awareness of Prevent, the Government's counter terrorism strategy.
- 9.3 The Board discussed the Grenfell Tower renovation project. Cllr. Judith Blakeman drew the Board's attention to the residents' petition to be considered by RBKC in respect of the delivery of the works at Grenfell Tower. Sacha Jevans presented the results of the investigatory door-knocking undertaken in order to address the concerns raised by residents. 77 of the 120 households residing in the block responded and the summary of the results could be seen in the report. 36 residents who signed the petition had responded to the survey and the issue of harassment and bullying had not been stated in the issues raised by the residents.

- 9.4 The Board noted that over the duration of the works, the Company and Rydons, the Contractor, had engaged with residents via public meetings, open drop in sessions' on scheme design, heating proposals etc., coffee mornings for informal 'drop ins', monthly newsletter, one-to-one resident consultation, explanation of complaints procedure, and a full survey was going to be carried out on completion of works.
- 9.5 Cllr Blakeman explained that she was of the impression that there were outstanding complaints. She highlighted that there were two residents with new-borns who expressed dissatisfaction with the respite facilities. She also stated that a resident had complained about their house key being stolen.
- 9.6 Peter Maddison responded that there were two respite apartment made available for any families who required them. He reiterated that the subject of the stolen key was a criminal matter under the jurisdiction of the Police. Robert Black stated that there was no record of communication with the Company by the women with new-borns needing bespoke assistance.
- 9.7 Cllr Blakeman expressed the opinion that the Company should be able to identify any specific needs of its residents. Peter Maddison clarified that prior to commencement of the works, surveys were undertaken to find out any residents' special circumstances and residents were provided with enough information on what to do in the event that there were any issues or had any change in circumstances requiring attention.
- 9.8 Paula Fance pointed out that the results of the door-to-door knocking survey had revealed positive responses and most residents seemed happy with the improvement brought by the project. Anne Duru requested clarification of the complaint procedure. Robert Black explained that residents were entitled to lodge complaints with the Company and the Company would endeavour to resolve the complaint. In addition, residents had the right to escalate their complaint to the Housing Ombudsman if they were dissatisfied with the resolution provided by the Company.
- 9.9 Deborah Price asked whether the company was satisfied with the current complaint procedure. Robert Black confirmed that the complaint procedure had been reviewed recently and the process was set on best practice with three stages.
- 9.10 Brenden Tracey suggested that residents who had issues they wished to see resolved should be advised to use the Company's complaint procedure. Robert Black assured the Board that there was a resident engagement team who ran initiatives to bridge language barriers for residents whose first language was not English, and the Company was willing to engage interpreters when necessary.
- 9.11 Robert Black reminded the Board that the refurbishment works were nearing completion. He suggested a visit to the site by the Board members would like to visit the building. It was agreed that any Board members who wanted to visit the site should confirm so after the meeting and the visit would be arranged. It was further agreed to form a review panel comprising of a subset of the members of the Board, to undertake a review of the refurbishment works upon completion of the project.
- 9.12 The Chief Executive's report included an update on the Adair Tower fire. The Board noted that the Company and RBKC were going to be served with Enforcement Notices

by London Fire Brigade in respect of Adair Tower and Hazelwood Tower. The Board would be kept updated.

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

10. COMMITTEES' UPDATE

10.1 The Board **NOTED** the update on the activities of the Operations Committee and the Finance, Audit and Risk Committee

11. SUBSIDIARY UPDATE

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

12. ANY OTHER BUSINESS

12.1 Appointment of Repairs Direct's Managing Director

12.1.1 Sacha Jevans informed the Board that a recruitment process had been undertaken in respect of the position of Managing Director of the subsidiary company, Kensington and Chelsea TMO Repairs Direct Limited (**RD**). Following the completion of the process, a candidate had been selected as being suitable for the position.

12.1.2 Sacha Jevans gave the Board a summary of the background and experience of Graham Webb, the candidate selected for the position. She invited the Board to consider and approve the appointment of Graham Webb as the Managing Director of RD, as recommended by the RD board, according to the terms of the intragroup agreement between the Company and RD.

12.1.3 The Board **RESOLVED TO** agree and approve the appointment of Graham Webb as the Managing Director of RD with effect from his contractual effective date.

12.2 Board Agenda Items

12.2.1 Jeff Zitron requested that a note on the criteria for classifying board items 'open' or 'confidential'. Fola Kafidiya-Oke agreed to circulate a note at the next meeting of the Board.

13. DATE OF NEXT MEETING

13.1 The next meeting of the Board would take place on 31 March 2016.

MATTERS ARISING (Confidential Meeting)

NO.	MEETING DATE	MINUTE NUMBER	ACTION	BY WHOM	BY WHEN	UPDATE
1.	26/11/15	13.2	Provide measurable targets on the impact of the business plan in 2016	Yvonne Birch	May 2016	
2.	26/11/15	14.5	Present a report measuring the commerciality of the proposed cost model particularly in comparison to a comparable organisation.	Barbara Matthews	July 2016	To work with the new RD MD to review how commercial companies price contracts
3.	04/01/2016	7.9	An options appraisal report should be presented to the Board to consider the use of the surplus made in the Group	Barbara Matthews	May 2016	An update on tax status and impact on tax due/paid is included in CEO report. We will work up options for future group activity and proposed supporting group structure.
4.	04/01/2016	9.2	November Board Away-Day outcomes to be presented to the Board.	Robert Black	TBC	An update is Included in CEO report
5.	04/01/2016	9.11	Form a panel from members of the Board to review the Grenfell Tower project post-completion.	Sacha Jevans	TBC	Item included on the agenda

NO.	MEETING DATE	MINUTE NUMBER	ACTION	BY WHOM	BY WHEN	UPDATE
6.	04/01/2016	12.3	Present a report on the criteria for classifying board agenda item as 'open item' or 'confidential'	Fola Kafidiya-Oke	March 2016	Attached

Classification of Board Items: Confidential vs Open

This paper sets out the rationale for the classification of Board items, as Confidential or Open.

Confidential business information is information which concerns or relates to the trade secrets, processes, operations, production, sales, shipments, purchases, transfers, identification of customers, inventories, or amount or source of any income, profits, losses, or expenditures of any person, firm, partnership, corporation, or other organization, or other information of commercial value, the disclosure of which is likely to affect the competitive position of the person, firm, partnership, corporation, or other organization from which the information was obtained, unless disclosed by law.

Confidential Information is privileged communication shared with only a few people for furthering certain purposes. Examples of confidential information include a new product design, a marketing strategy and software code.

Confidential Information is proprietary information i.e. information that is not public knowledge (such as certain financial data, test results or trade secrets) that is viewed as the property of the holder i.e. belonging to the Company.

The recipient of proprietary information, such as a contractor in the procurement process, is generally duty bound to refrain from making unauthorized use of the information.

Information will be deemed “confidential” and exempted from disclosure if disclosure of the information will give a commercial advantage to the recipient of the information, or cause substantial harm to the competitive position of the disclosing entity.

Safeguards for Confidential Information

- Identify the confidential information within your business and where possible mark it as such.
- Ensure that your company has a confidentiality policy and that employees are made aware of it.
- Do not store confidential information where it is easily accessible by unauthorised persons.
- Make sure communication of your confidential information is by secure means.
- Ensure that recipients of confidential information know that it should be treated as such and wherever possible impose express confidentiality obligations.
- Only disclose confidential information to employees or third parties where reasonably necessary.

For KCTMO, certain information would be considered Confidential because of its commercial advantage or sensitivity, or because of the KCTMO's responsibility under contract or law.

KCTMO and RD Financial Matters

Financial information is generally considered in business whether private, public, not-for-profit or charity sector as Confidential Information because it has a commercial advantage or value for the owner of the information. Companies would only release such information by legal obligation or by

contractual obligation to do so. For KCTMO and RD, there is no legal or contractual obligation to publicise its financial information (this is except for the annual accounts filed with Companies House every year). As a result, any budget monitoring or financial performance report specific to KCTMO and RD is classified as and marked Confidential.

KCTMO Operational Matters

The operational processes and procedures of KCTMO and RD that are strictly related to their existence as private companies, employers of staff, and business entities would be classed as Confidential. In the event where there is a specific process or procedure relating to an RBKC activity, and driven by RBKC legal obligations as Landlord, the process or procedure would be classified based on its commercial advantage or sensitivity for RBKC not KCTMO. The MMA with RBKC provides that all information relating to tenants, leaseholders and freeholders held by KCTMO will be considered confidential. In recent times, RBKC has started discussing extending the confidentiality obligations to certain information they would classify as such. The next round of review of the MMA is intended to address that.

HRA Budget Matters

The HRA accounts managed by KCTMO is classified to be a confidential item rather than an open item by KCTMO because it is being considered as an item on behalf of RBKC and the responsibility to classify it as 'Open' or publish it publicly, lies with RBKC. Our reasoning for this is as follows:

- These accounts are not the TMO's but part of the Council's accounts and should be part of their reporting. We are providing a service to the Council who is the client and it is not our role to publish their information;
- The accounts we publish are in more detail than the Council may decide to publish;
- The timing of KCTMO Board meetings means that we would be publishing financial information before the Council have seen and reviewed their own accounts.

Contract Matters

Contractual matters such as approvals, variations, amendments, and values are usually classified as Confidential items because of the commercial advantage and sensitivity, unless there is an overriding public interest, where the public interest test is applicable. Contracts generally have a confidentiality clause and even where it is silent on the obligation to keep confidential, it is usual business practice to seek the consent of the two parties to make the contents 'Open'. Even where there is a public interest principle available, there are legal provisions on the extent of the information that can be made available to the public and this would be considered on an individual basis.

Strategies or Projects

Strategies or Projects would be classified as 'Open' or 'Confidential' based on a number of factors: the stage of the strategy or project under consideration, the value or novelty of the strategy or project being pursued or the distress factor applicable to the strategy or project being considered, the intention to publish it at a future time.

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

Confidential	
For Information	
Board Report 31 March 2016	
Report title:	Chief Executive's Report
Authority for decision:	The Board has ultimate responsibility for monitoring the performance of the Company.
Recommendations:	It is recommended that the Board note the contents of the report.
Regulatory/legal requirements:	None.
Business Plan link:	Keeping abreast of performance initiatives within the organisation, and external development affecting social housing.
Equality Impact Assessment/comment:	Equality and diversity issues are taken into consideration.
Resident consultation:	N/A
Resource implications/VFM statement:	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.
Risk:	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.
Appendices:	0
Total number of pages including appendices:	4
Name, position and contact details of author:	Robert Black, Chief Executive Ext [REDACTED]

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

Chief Executive

During January I met with Jonathan Cowie the new Chief Executive of CityWest Homes to look at strengthening our working relationship and to see if we have any opportunities to work together.

I also accompanied Councillors Press, Mackover and Marshall on a tour of Grenfell Tower and the Hidden Homes. They were impressed overall with the work we have done here.

The Executive Team, the Chair and I enjoyed an excellent afternoon and lunch with the KCTMO Senior Citizens Annual Party, which was attended by 200 residents and a great time was had by all.

Finally at the end of February I attended a lunch at the House of Lords to launch a new apprentice scheme for young people looking to work in housing and we will look to see how applicable this type of scheme is for our company.

Chair

The Chair and I along with the Fund Raising Group (Staff) visited Full of Life, the current TMO charity. They showed us around and spoke to us about how they will be spending the money we have raised so far for them, which to date is over £3,000.

The Chair has carried out a number of 1-1s with TMO Board Members and she has found this to be a really useful and has appreciated the time Board members have taken to enable it and looks forward to this continuing.

The Board

As part of the actions from the Board away day in November we have asked Radojka Miljevic of Campbell Tickell to carry out a piece of work on Board size and composition. As RBKC is a key partner, and has a right to nominate up to four appointees on our Board, they would need to agree to any changes in the current composition. The idea is for Radojka and I to meet with Cllr. Roc Fielding-Mellon and Laura Johnson to explore their appetite for change after Easter. This would give Radojka time to do some research and to review trends in Board size and composition, examining in particular trends in LSVT Boards (because they are a sister model to ALMOs), trends in ALMO Boards, and their experience of RP Boards. As we are a Tenant Management Organisation, she will also be specifically looking at how the sector of tenant-led organisations are responding to this issue. She would be looking to have this completed by mid-April to discuss with the Board in May so that any changes being proposed by the Board are consulted with the members (if so desired) and presented to the annual general meeting in September (with the voting commencing in August 2016).

The Chair has confirmed a running theme in her 1-1s with other members of the Board, which is a desire for another Board-only session to look at the Board's effectiveness. Considering the current timescale, it is suggested that this might be better left to the June away-days to be able to accommodate the time required to

have a productive session. Another option would be to hold this session on a Saturday with the expectation everyone attends however, this makes it quite difficult to organise.

We currently have The Lansbury in Teddington booked for the Board Away Days on Friday 10th June and Saturday 11th June which would give us time to consider Board size discussion and effectiveness session.

In the next few weeks we are trialling a facility with staff which will enable Board members to receive Board and Committee papers electronically, as well as share comments and information. If this is successful we will be providing Board members with tablets and the ability to use this facility. This would signal the end of the paper packs that we currently issue.

In addition with the new website which is currently in the planning stage, we are looking to provide a dedicated space with secure access for Board members to be able share information and comments, with a forum facility for discussing Board only matters.

2. PARKING

The new parking arrangements will go live at the end of April. The existing parking account holders were required to accept the new terms and conditions before their new permits were issued. An extensive communications exercise has been undertaken ahead of going live to help ensure that residents understand the new rules. Some estates are having acute problems with illegal parking; these will be targeted as a priority by the civil enforcement officers before scheduled patrols begin across all the included estates. Excluded estates will continue to be monitored with the option of including them in the traffic management orders if requested and/or required.

3. CUSTOMER FIRST CRM PROJECT

The Customer First CRM project is progressing well. Eleven work flows have now been completed and are being tested. The work flows will ensure collaborative and consistent services are achieved through a joined up approach across the whole of the TMO and Repairs Direct. Two staff have been seconded into trainer roles and a programme of training has now commenced. A further 30 super users have been identified across the business. The first phase of the project will improve the monitoring of customer interactions and business processes. This will provide a monitoring tool for management and staff.

4. EARL'S COURT YOUTH CLUB

A potential business offering has arisen for the TMO to deliver a youth engagement programme at the Earl's Court Youth Club.

Earl's Court Youth Club (ECYC) has been delivering generic youth services since late 1979. The Youth Club works with young people between the ages of 9-19 years and up to the age of 25 years with a disability. The aim of the Youth Club is to provide a safe and welcoming environment for young people of all abilities and

backgrounds to come and enjoy a wide selection of activities aimed at promoting personal, social and educational development. The Youth Club is funded by RBKC.

In June 2015, the Chair of the Trustees of the Youth Club, Roy Amlot QC, approached the Head of Resident Engagement to ask that the TMO take over the management of the staff of ECYC and deliver the youth service at the Club with effect from 1 May 2016. This would be initially for 1 year. At present the Youth Club delivers a Junior programme (9-13s) and a Senior programme.

There is a possibility that the contract could be extended beyond the initial one year period, depending on future funding and the TMO's performance.

5. FIRE AT ADAIR TOWER UPDATE

The fire at Adair Tower on 31st October 2015 broke out in a flat on the third floor causing significant damage and disruption to the residents living in the tower. The fire was started as a result of arson and the Police have arrested the alleged perpetrators and investigations are ongoing. The TMO has worked closely with the Police including the agreement to the provision of additional police patrols around the area to deter further incidents.

Tenants were relocated initially into emergency bed and breakfast placements and then the majority were relocated into temporary decant properties awaiting return to their flats at Adair Tower. Work in the damaged flats and lift lobby area is now virtually complete and tenants have moved back into their homes, have been relocated or are awaiting relocation to other properties in the borough. One resident is unable to return to their home due to ill health (not related to the fire).

Following the fire the TMO undertook fire risk assessments of both Adair Tower and Hazlewood Tower and completed the resulting actions identified.

The TMO/Council has been served with two Enforcement Notices as a result of the London Fire Brigade's (LFB) investigation and post-fire audit of Adair Tower and their subsequent audit of Hazlewood Tower (identical design and construction). One Enforcement Notice covers Adair Tower and the second covers Hazelwood Tower. The two towers were built in the early 1960s to the same design having two separate communal staircases – one being a designated means of escape staircase for use by anyone evacuating in the event of a fire or emergency and the other being the main accommodation staircase.

The key matters raised in the Enforcement Notices relate to the installation of self-closing devices on all flat entrance doors and the requirement to review the protection to each staircase and ventilation to the lobbies to ensure that the staircases are not affected by smoke and are available for use by residents and attending fire crews.

The TMO has agreed with the Council to fit self-closers to all flat front doors within both Adair and Hazelwood Towers and the fitting programme is due to commence shortly. Inspections will be carried out on all flat doors to assess the need to either fit the new self-closing devices and new door hinges or whether the whole door assembly and frame needs to be replaced. Residents will be sent a letter to request

an appointment for the inspection shortly. It is hoped that the work to fit the self closer and hinges can be done at the same time as the inspection.

Further, a specialist fire engineering consultancy has been appointed to undertake investigations and make recommendations for any necessary remedial action, improvements which are required to meet the LFB's requirements. A senior consultant has spoken to the LFB's Fire Safety Team Leader to clarify her requirements, has visited the site and carried out initial inspections of both blocks. Their full report has now been received and reviewed by the Executive. The proposed works which will include the boarding of the decorative open panels onto the accommodation staircase on each floor are to be costed before obtaining agreement from RBKC to go ahead.

The Health & Safety Manager provides regular updates to the LFB on progress with meeting the requirements of the Notices at the regular bi-monthly liaison meeting.

6. HEALTH & SAFETY UPDATE

The TMO Health & Safety Committee acts as a Group committee and meets on a bi-monthly basis. The Committee consists of staff members from Asset & Regeneration, Neighbourhood, Homeownership and Health & Safety and Office Services teams as well as senior Repairs Direct managers and staff representatives, and considers the following matters:

- Accidents and violent incidents;
- Fire safety and Fire Risk Assessments;
- Workplace health and safety;
- Health and safety KPIs;
- New or amendments to health and safety policies.

In the year from April 2015 to the end of January 2016 there were 26 reported accidents of which 7 were reported by staff and 19 by residents. The majority of accidents were trips, slips and falls with a small number being related to furniture or fittings falling onto victims. Two of the accidents were related to the fire at Adair Tower where 2 residents reported smoke inhalation and were admitted to hospital (both were released the same day).

In the same period there were 22 violent incidents reported ranging from verbal abuse by residents to staff and other residents to threatened and actual attempts of physical violence.

For the year to January 2016 KPIs are reported as follows:

- Gas servicing - % of properties with valid Landlords Gas Safety Certificate – 100% (Target 100%);
- Water quality (inspection & sampling) - 85% (Target 100%). Low result due to the difficulty in uploading certificates held by contractor. 100% compliance expected by the end of Q4;
- Electrical testing (% of homes with a valid certificate) - 96% (Target 100%)

The programme of comprehensive Fire Risk assessments is undertaken by our retained fire consultant with follow up and low level assessments being undertaken by Health & Safety team staff but due to long term sickness although the comprehensive programme is up to date with 283 assessments completed in the

year to date, the low level programme has been suspending awaiting the return to full fitness of the officer responsible.

Thirteen fires have been reported since 1st April 2015 – this includes Adair Tower. Of the remaining twelve ten were minor fires involving no injuries, one caused significant damage to property within a dwelling but no injury and in the final fire the elderly resident was admitted to hospital for several days with smoke inhalation.

The Committee has also reviewed and amended the Asbestos Policy and Asbestos Management Plan, the Gas Safety Policy and the Water Quality Policy.

A Health and Safety Audit undertaken by the RBKC Audit Team has just concluded with a rating “substantial assurance” awarded.

Work to identify an on-line self-assessment package for display screen workstation assessments has been undertaken and procurement of the preferred software is being progressed currently.

7. LOWERWOOD COURT

On 11th February 2016, RBKC Cabinet approved proposals brought forward by the TMO to lease the car park at Lowerwood Court for commercial development into a workspace office with auxiliary exhibition spaces and a café.

The car park is unlike other parking sites previously considered for conversion to commercial use, being laid out as a multi-storey car on ground, 1st and 2nd floors. Whilst its layout and structural constraints make the site unsuitable for residential conversion, it attracted considerable interest from commercial developers and the resulting agreement will see the developer invest in excess of £6m in the building, including using an internationally-renowned architect to design a new façade.

The site will then be used to provide ‘high-end’ workspace offices, hosting start-up enterprises, creative industries and venture capital. Full details of the lease are subject to commercial confidentiality but Board Members should note the rent agreed is at a high level and will substantively increase the value of the entire HRA commercial portfolio.

This will mean that a partially derelict space which is currently subject to recurrent anti-social behaviour, including serious gang activity, is comprehensively regenerated by a third party, offering substantive new HRA income over a long-term lease arrangement.

Moreover, as part of our agreement, the lessee has further offered to provide an enterprise support programme, by which local residents will be mentored and supported to establish businesses in partnership with RBKC’s Economic Development team.

8. GOVERNANCE –GROUP STRUCURE

In 2013 the TMO set up Repairs Direct, a wholly owned subsidiary established to provide a repairs service for RBKC. At that time formal agreements covering the operating arrangements between the TMO and Repairs Direct were put in place.

From a corporation tax perspective, Repairs Direct is considered to be a trading entity as its activities are being carried out with a view to making a profit and are therefore taxable. The trading argument is further supported by the agreements between the TMO and Repairs Direct as there is nothing to clarify what happens to any surpluses or losses generated in Repairs Direct.

In previous years, the TMO has been treated as non-trading and hence not taxable for all years from 31 March 2004 to 31 March 2013 in respect of the monies received through its management agreement from the Council (on the grounds that these transactions with the Council lacked the necessary degree of commerciality to amount to trading). This was on the basis that the budgets required approval from the Council and would be prepared based on the Council's Housing budget, which supports the contention that the TMO did not have the same risk and rewards as a normal commercial entity. Additionally the Memorandum of Association restricts how funds can be applied.

The new MMA makes it clear that the relationship between the TMO and the Council is somewhat different from that in the original agreement with clauses (MMA Volume 1 Chapter 5 section 10) making it clear that any surplus made "*may be used by the TMO for any purpose permitted by the TMO's constitution*" and staff employed by the TMO (with the exception of those originally transferred from the Council) will be employed under terms and conditions as decided by the TMO. The new MMA supports the fact that the TMO activity is considered akin to a commercial entity taking risks and rewards.

On this basis the corporation tax computations for both the TMO and Repairs Direct covering both 2013/14 and 2014/15 have been recalculated. The TMO return for 2013/14 has been split between the periods of trading and non-trading with the trading status change applied from the commencement of Repairs Direct on 1st September. The recalculated returns and the use of group tax relief have resulted in significant tax savings and £70k tax repayable over both years as set out below:

	2013/14 £	2014/15 £	Repayable £
TMO paid	26,087.40	56,844.49	
TMO payable	-	14,405.40	
TMO repayable	26,087.40	42,439.09	68,526.49
Repairs Direct paid	-	1,764.60	
Repairs Direct payable	-	-	
Repairs Direct repayable	-	1,764.60	1,764.60

These assumptions have been based on the current group structure and the tax payable based on tax losses within Repairs Direct being used to offset the TMO profits. However as the taxable profits in Repairs Direct increase this position will change and higher tax will be paid. It is for this reason a more tax efficient group structure is being considered. This will be presented to the Board later in the year.

9. CHANGEOVER TO UNIVERSAL CREDIT IS DRIVING PEOPLE INTO LONG TERM DEBT

In May Universal Credit (UC) will extend to all new claimants of jobseeker's allowance, employment and support allowance. It is currently paid to more than 175,000 claimants who are registered at 550 jobcentres across the UK and full transition is scheduled for completion by 2020.

The government says that Universal Credit will encourage personal budgeting, improve incentives to work, and respond flexibly to the transition into work. But research by Citizen's Advice and social housing landlords has found that the wait for initial payment, usually five or six weeks, can throw claimants into short-term crisis that often spirals into long term debt.

Sixteen Citizen Advice branches found that up to June 2015, almost 30% of their clients on Universal Credit had waited more than seven weeks for the first payment. When the money arrives, the bills get paid but the debt continues to take its toll.

When the National Federation of ALMOs (NFA), surveyed its members, who manage more than 500,000 council homes across England, on arrears in October and November last year, the policy director Chloe Fletcher had to double-check the figures. They showed that 89% of UC claimants in social housing had fallen into rent arrears, compared with 31% of all social tenants. "In my time researching rent arrears, I've never seen figures like that for a cohort of tenants," says Fletcher. She has worked in housing policy for 19 years.

The arrears often plague tenants for months, or even years, and they also pose an extra burden on social landlords and housing associations. New Charter Group, found that tenants on UC have seen arrears grow 14% on average since they transitioned onto UC. New Charter also estimates that once UC is rolled out to all its 7,500 eligible tenants, it could see a 25% increase in overall debt. Fletcher says that the financial stress of these arrears could mean cuts to new building plans, repair and maintenance services, or tenant support work.

In Sutton, South London, where a small digital pilot of UC is now under way, the council's social landlord is trying to mitigate major arrears. It tracks tenants who are moving on to UC, identifying those with a history of late payments, and advising them to request that housing fees be paid direct to the landlord upfront. In this setup, the claimants also forfeit 10%-20% of their remaining monthly allowance to gradually pay landlords back for existing arrears.

10. HOUSING BRIEFING: WHERE ARE WE WITH THE HOUSING BILL?

Rent decrease and its impact on Budgets: 2016/17 is when the first of the four year decreases starts. This process will have a negative £22m impact on the RBKC HRA Business Plan over the four years and substantially more when you look at it over the 30 year business plan. The initial position of the RPs (Housing Associations) was to announce substantial job losses and reviews to seek to reduce operational costs and maintain the surpluses they had in their business plan. This has had a focus on cutting resident engagement, reviewing the housing management services and looking at what could they stop doing. For the ALMO sector it is a wait and see the impact of all the changes coming from the new Housing bill

The Right to Buy (RTB) for Housing Associations: This is now voluntarily for the Housing Association sector and a pilot of 5 housing associations has been set up to see the impact and demand which seems to be coming out at around 7%

In the budget in March the Government announced plans to explore models for those in social housing who can not afford RTB, this could be a model where the £100k becomes an equity share along the line of shared ownership, with the resident then being responsible for repairs and a share of capital works.

The sale of high value voids:- the Asset Levy: This poses a substantial threat and impact on the HRA Business Plan and our organisation.

- This was linked to the RTB for Housing Associations, with the councils sale of assets paying for the £100k subsidy to the resident
- The Treasury is currently analysing information it has collected from all local authorities in England on land values and voids
- The feeling is this will translate into an upfront tax or asset levy on all Local Authorities who have retained their housing and it will then be up to them to work out how to recover this cost which would have to be built into the HRA Business Plan
- At this stage we do not know what the cost will be so it has not yet been built into the HRA Business Plan.
- However this could have a substantial impact on our long investment plans and see the council having to sell substantial amounts of property to fund this which in turn could have an impact on our management fee and our services. We are now seeing civil servants separate this levy from the RTB, and saying overall it is not right that councils should have all this money tied up in its assets and it should be used in a better way to build new homes. The expectation is it will start in the financial year 2016/17

Pay to stay: The government position is that people living in social housing who have incomes of higher than £40k in London (£30k outside) are being subsidised to the tune of £3,500 and pay to stay is a policy which will address this.

- The DCLG has consulted Local Authorities and Housing Associations on the costs and how to administrate this process which we have jointly worked on with RBKC. At this stage we have no idea of time scale.
- This will be voluntarily for Housing Associations and if they do it they will be able to keep the extra income to put towards development of new homes
- It will however be mandatory for Local Authorities and the money raised will not go to the HRA Business Plan but to the Treasury to reduce the national debt

- Everybody has commented that to make this proposal work HMRC will have to provide Councils with the information to be able to carry out this policy
- Research by Savills and the Local Government Association (LGA) estimate it could impact on around 86,000 residents across England
- Latest reports in the press state that the Government is cooling on this due to the EU referendum which has slowed down a lot of the governments work whilst Ministers campaign on this subject however it was included in the budget in March where it talks about having a taper between social rent and market rent so

5 year fixed tenancies: This is not an issue for RBKC or the TMO as RBKC have already introduced 5 year fixed tenancies. However lots of local authorities have not and will be mandatory unlike Housing Associations for whom it will be voluntarily.

Starter Homes and Section 106 agreements: Starter Homes is a new product announced by the Government which aim to offer new homes developed by the private sector at 20% below market rate.

David Cameron announced that developers will be able to choose to deliver affordable homes to buy as part of Section 106 instead of affordable rented homes. More precisely, this confirmed that Starter Homes will be included within the definition of affordable housing in the National Planning Policy Framework. We understand that planning guidance will be amended to ensure that local authorities are 'flexible' over what type of affordable housing is delivered under Section 106.

The change is likely to see developers increasingly deliver Starter Homes themselves, instead of homes for affordable rent and shared ownership with housing associations. There are well-documented fears that these homes won't be affordable for many low-to-middle income households, and with 37% of affordable housing delivered through Section 106 in 2013/14, we think it could significantly reduce the number of genuinely affordable homes built.

In spite of this, the introduction of Starter Homes may mean there is less scope for developers to negotiate down affordable housing contributions on the grounds of viability. Delivering all Section 106 affordable housing as Starter Homes would significantly increase sales risk, so we would also expect many developers to continue providing homes for affordable rent and shared ownership, due to the guaranteed and early cash flow they provide. It is also worth remembering that housing associations will be able to replace Right to Buy sales with social or affordable rented homes.

Conclusion

This is a changing and challenging time for those operating in a social housing context overall

For local Authorities, ALMOs and TMOs the changes when put together will have a substantial impact on all HRA Business Plans going forward. The Housing bill splits

the sector with Housing Associations now being in the position of most of it being voluntary while for Local Authorities these changes are on the whole mandatory.

The asset levy looks more like a tax on councils who continue to manage their homes as they are not seen by the government to be maximising their assets to help build homes for the future. Until we know the cost of this levy is hard for RBKC and Local Authorities in general to understand the impact on the HRA Business Plans and how this shapes our business going forward.

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

Confidential	
For Decision	
Board Report 31 March 2016	
Report title:	Grenfell Tower Board Review
Authority for decision:	The Board is responsible for ensuring the Company meets with its contractual obligations and manages the relationships with its stakeholders.
Recommendations:	<p>It is recommended that the Board note the contents of the report and agree to the following:</p> <ul style="list-style-type: none"> (i) The names and addresses of all those attending public meetings should be recorded and minutes taken of each meeting for future reference where applicable. (ii) Where projects span over 12 months in duration the initial resident profile survey information is repeated on a six monthly basis. This would help to ensure that any additional needs that have not been identified at the beginning of the project are identified. (iii) Where residents have language requirements and have chosen to use family members to help translate then this information should be recorded and signed off in order to help ensure that if the family member is not available then translation services can be provided. (iv) A procedure is drafted to outline the different stages involved in gaining access. In future projects this procedure could then be sent to only those residents that were not cooperating to avoid any misunderstanding and to ensure that due processes are always followed. (v) That the full report be shared with RBKC.

Regulatory/legal requirements:	The Companies Act 2006 provides that the Board of Directors has the duty of to promote the success of the Company.
Business Plan link:	N/A
Equality Impact Assessment/comment:	N/A
Resident consultation:	N/A
Resource implications/VFM statement:	N/A
Risk:	The Company must ensure that it meets its contractual obligations under the Management Agreement whilst managing the relationships with its stakeholders
Number of Appendices:	1
Total number of pages including appendices:	10
Name, position and contact details of author:	Paula Fance, Board Member and Chair of the Grenfell Tower Review Group

1. Purpose

- 1.1 The purpose of this report is to provide the Board with information and recommendations from the Board Member review of the Grenfell Tower regeneration project.

2. Background

- 2.1 In association with the development of the Kensington Academy and Leisure Centre projects, which completed in summer 2015, it was decided that money should be invested into Grenfell Tower. Stock condition information highlighted that Grenfell Tower was in poor condition and therefore it was agreed to invest £10.3m on improvements. The money invested came from the sale of basements at Elm Park Gardens and was not part of the HRA capital programme. The works commenced on site in June 2014 and are due to be completed at the end of March 2016. Final landscaping works will then be undertaken during April and May typically the planting season.

- 2.2 The scope of works included the following:

- New heating and hot water
- New double glazed windows
- Thermal cladding of the building
- Smoke/safety and ventilation works
- Improved foyer and door entry
- Associated environmental works
- 9x new hidden homes
- New nursery
- New boxing club
- Landscaping improvements

- 2.3 The contractor Rydon was selected to undertake the work supported by consultants, Artelia, for contract administration and Max Fordham as specialist mechanical and electrical consultants. Rydon were responsible for design, construction and resident liaison work. The Company worked with all partners and were responsible for the overall project management.

- 2.4 Resident consultation indicated their preferred approaches to resident engagement were: letters & newsletters, informal “drop-in” sessions and one to one consultation. These approaches were adopted throughout the project.

- 2.5 A group of residents living in Grenfell Tower formed a resident compact halfway through the project in June 2015. The Company worked with the compact to address issues that were raised relating to the regeneration project. At full council on 2nd December 2015 a petition signed by 51 residents was tabled at the meeting. The matter was referred to the Housing and Property Scrutiny committee and a speech from one of the compact members was presented to the meeting of the 6th January 2016. At the Board meeting of the 5th January the Board members were made aware of the petition and agreed that a delegated

group of board members would review the issues raised. The Scrutiny committee was then informed that the Board would review the project and respond to the matters raised in the speech by the compact. The Board has previously been emailed a full copy of this speech.

- 2.6 All members of the Board were invited on the 19th January to express an interest in joining the review group. The following members put themselves forward:

Paula Fance – Chair
Kush Kanodia
Mary Benjamin
Councillor Condon-Simmonds
Deborah Price
Anne Duru

- 2.7 An initial scoping meeting was held on 24th February for the Group to define the scope of the review. It was agreed that the review would be undertaken over one full day and would cover the following areas:

- Resident consultation and engagement
- The position of the HIU in the hallways
- Allegations of threats, lies and intimidation
- Response to complaints
- Quality of work and site management
- Compensation

- 2.8 The review day held on Saturday 12th March commenced with a presentation covering background information to the project and detailed information on each area of the review as set out in 2.7 above. The Group was then taken on a tour of Grenfell Tower to view; the construction works, the show flat, the boxing club and the hidden homes. Each member was provided with a full pack for the day which included the detailed information covering each area of the scope. The following sections of the report cover each area of the scope and set out the groups conclusions together with any recommendations to be adopted for future projects of a similar nature.

3. Resident Consultation and Engagement

- 3.1. Residents were consulted and engaged through a number of different methods throughout the project which included:

- Public meetings (7 in total to date)
- Drop in sessions
- Rydon coffee mornings
- Monthly newsletters
- One to one resident consultation
- Complaints procedure
- Resident satisfaction survey
- Grenfell tower community arts project
- Home visits from Rydons Resident Liaison Officer (RLO)

- 3.2 The Group concluded that resident engagement and consultation during the project has been very comprehensive and it was noted that a variety of different methods were utilised.
- 3.3 At the beginning of the project, Rydon's RLO collected profile information on each resident. This was then used to identify any specific additional needs or requirements that each resident may have. A number of residents asked for translation help and used family members to help where required. If family members were not available then information would have been translated before it was sent out. If an interpreter was required for one to one meetings then this would have been arranged by Rydon's RLO. In this particular project residents used their family members.
- 3.4 It was recommended that:
- The names and addresses of all those attending public meetings should be recorded and minutes taken of each meeting for future reference should this be required.
 - Where projects span over 12 months in duration the initial resident profile survey information is repeated on a six monthly basis. This would help to ensure that any additional needs that have not been identified at the beginning of the project are identified.
 - Where residents have language requirements and have chosen to use family members to help translate then this information should be recorded and signed off in order to help ensure that if the family member is not available then translation services can be provided.

4. Position of the HIU in the Hallway

- 4.1 Some residents had objected to the new HIU being located in the hallway of their flats. It was originally proposed that the HIU would be located in the kitchen; however, when Rydon were appointed it became apparent that there were technical restrictions that meant the original kitchen location was not the most practical. The Board discussed these technical complications in detail and were satisfied that it was the right decision to encourage residents to locate the HIU in their hallway.
- 4.2 The Group further concluded that there was sufficient communication and consultation with residents over the positioning of the HIU and that due consideration was given to the requests of some residents to locate the HIU in the kitchen and that the Company responded positively in accommodating these requests.

5. Allegations of Threats, Lies and Intimidation by the contractor and the TMO

- 5.1 At a compact meeting in June 2015 residents first raised the allegation that the Company have 'harassed, lied and intimidated' residents over the duration of the works. The Company gave a commitment that any specific allegations would be investigated in accordance with the complaints procedure and appropriate action taken to resolve the matter. The group concluded that the

only specific detail had been in relation to a stage 3 complaint which had not been upheld. The Group reviewed the procedure for gaining access to residents' homes for the undertaking of internal works.

5.2 It was recommended that:

- A procedure is drafted to outline the different stages involved in gaining access on future projects this procedure could then be sent to only those residents that were not cooperating to avoid any misunderstanding and to ensure that due processes are always followed.

6. Response to Complaints

- 6.1. The first point of contact for all complaints is Rydon's RLO who aims to resolve any issues quickly and efficiently in the first instance. The RLO details are communicated in each newsletter and RLO Officers are on site at Grenfell Tower Monday to Friday during the hours of 8am to 4pm. If residents remain unhappy with the response from Rydon they are able to go through the Company's complaints process.
- 6.2. Throughout the project to date, the Company has received seven formal complaints from four residents which included one resident making four complaints. In addition to this there were a number of enquiries received from Ward Councillors on behalf of residents.
- 6.3. The Group reviewed all of the complaints and enquiries and were satisfied that the Company had responded adequately. The Board could find no evidence that substantiated the allegations of 'threats, lies and intimidation' by either Rydon or the Company's staff.
- 6.4. The Group had also requested details of any complaints and issues that had been reported to Rydon and how these were communicated to the Company. The Group were provided with details of Rydon's complaints logs and evidence of liaison meetings where any issues not resolved could be picked up.
- 6.5. The Group considered whether a 'group' complaint could be raised when there was a common issue that affected a number of residents. It was explained that the Company's current complaints procedure would be able to respond to a group complaint where it related to a communal area affecting a number of residents. In this instance the complaint response would be sent to all residents of the block or estate concerned. The Group felt that this was sufficient.

7. Quality of Work and Site Management

- 7.1. The Group were advised of different methods for quality control/site management by the Rydon surveyors, clerk of works and site agent. It was concluded that controls were sufficient to manage a construction project of this size and nature.

- 7.2. It was found that the example of poor workmanship cited in the speech presented to the Housing and Property Scrutiny Committee was work in progress and that this was misleading.
- 7.3. The Group visited the show flat to review the example of the works that were undertaken in each home. Some residents had complained that the surface mounted pipework was unsightly. The concrete construction of the building is limiting and the Group concluded that it was necessary for the pipes to be installed above the floor and that this was not considered to be unsightly.

8. Compensation

- 8.1. The Group reviewed the compensation procedure for decorations allowance, curtains and blinds, and specific loss or expense.
- 8.2. The Group concluded that the compensation offered was adequate for this type of project and that the process also accounted for individual circumstances.

9. Conclusions

- 9.1. The Group recognised that there were significant challenges with the project and acknowledged that residents would have experienced inconvenience due to the nature of this type of construction work and the constraints of the particular design of Grenfell Tower. This disruption included:
- Noisy work: Demolition and drilling
 - Access: Use of lifts by contractors to transport materials
 - Pipework: Retrofit of pipes
 - Additional floors for lifts
 - Wet Trades (e.g. plastering)
 - Sub-contractors that went into administration during the project
 - Maintaining services (heating and hot water) whilst residents are in situ
- 10.2 The Group were satisfied with the following mitigating actions that were undertaken to limit the disruption caused by the above:
- Limiting noisy work hours: 9am to 3pm
 - Lifts: one for passengers and only one used for materials.
 - Two flats were made available for respite facilities for residents to use
 - Rydons RLO was based on site to deal with all specific issues on a day to day basis
- 10.3 It was further acknowledged that residents had experienced disruption from both the KALC project and the Grenfell Tower works over an extended period of time since December 2012.
- 10.4 The Group commended the contractor Rydon on their performance and ability to deliver a complex construction project. They considered that a number of high quality hidden homes had been delivered together with excellent new facilities for the boxing club and community room. A door

knocking exercise was undertaken in December 2015 to ask residents if they were satisfied with the works. 77 of the 120 households responded and of these 90% of residents confirmed that the improvements to heating and hot water were working effectively. 83% of residents were happy with their new windows.

- 10.5 Rydons are an experienced contractor that has a good reputation for delivering this type of construction work where residents are in occupation. The combination of all partners involved in this project has contributed to very successful improvements to the building and residents homes. The regeneration works have provided individual control over their own utility usage and residents will benefit from increased thermal insulation.
- 10.6 The Group commended the excellent work of the Director of Assets and Regeneration and the team involved in high quality management of the project over 22 months.
- 10.7 The Group noted that a full project review and resident satisfaction survey would be undertaken six months after the project is completed. The results of this review will be presented to a future Board meeting.

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

Confidential	
For Information	
Board Report – 31 March 2016	
Report title:	TMO, RD and HRA Budget Monitoring April – February 2016
Authority for decision:	The Board has overall responsibility of monitoring the outturns against the annual budget.
Recommendations:	It is recommended that the Board note the report.
Regulatory/legal requirements:	The Board have legal responsibility of ensuring the organisation resources are used in accordance with the budget and business plan.
Business Plan link:	Being competitive and increasing our income.
Equality Impact Assessment/comment:	None required.
Resident consultation:	None required.
Resource implications/VFM statement:	This is the subject of the report.
Risk:	
Appendices:	9
Total number of pages including appendices:	17
Name, position and contact details of author:	Rupa Bhola Assistant Director of Finance

BUDGET MONITORING 2015/16 - PERIOD 11 – February 2016

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 February 2016 is a £32k surplus which is as per the budget. The current forecast for the year shows a £36k surplus which again is as per the budget for the year.

3. Income

For the year to February 2016 total income was £20k below budget. This reflects invoicing for a number of recharges which are carried out quarterly and some recharges which are made at the yearend.

Total forecast income for the year is £14,079k, £108k better than budget the majority of which is attributable to the additional income received from RBKC for two Neighbourhood Support Officers.

4. Expenditure

4.1 Staff Costs

For the year to February, total salary and agency staff costs were £8,702k compared to the budget of £8,730k, a positive variance of £28k. 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 were £274k compared to the budget of £217k 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 £9,872, £112k adverse to budget.

4.2 Other Costs

Total Other Costs to October were £3,778k, £50k under budget. This is mainly arising from cost savings that have been identified through the year. The forecast for the year for Other Costs is £4,171k, an underspend of £4k compared to the budget.

5. Balance Sheet as at 29th February 2016 (Appendix 2)

- 5.1** Current Assets – An increase of £327k from the yearend balance. This is mainly accounted for by the increase in cash held. The high balance arises from the early payments received from RBKC in anticipation of a busy period on the new tri-borough finance system due to yearend.
- 5.2** Cash at bank and in hand – An increase of £586k from the yearend balance explained above (Current Assets).
- 5.3** Trade creditors – An increase of £296k since 31st March 2015. The increase is merely due to the timing of the final payment run for the month and this is also reflected in the higher cash balance.
- 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

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

The Company has a surplus of £129k which is £18k below the budgeted surplus for the period up to February 2016. It is expected the actual outturn will be bought in line with the forecasted surplus of £161k by yearend.

Total number of jobs financially completed to date is 18,095 and the forecast includes 22,000 jobs for this financial year. In the period to February of this financial year, with an average job value of £154 for responsive repairs has remained constant.

Staff costs include the costs of interim management which was in place during the earlier part of the year. 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 February 2016 was £321k.

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, which have remained higher than expected during this year.

6.2. Profit and Loss (Appendix 3)

The year to date surplus is £129k which is in line with the budget and the full year profit of £161k will be delivered.

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 in the coming months.

An alternative to the current SOR model was agreed and implemented. This is based on charging out the fixed overheads and profit on a monthly basis (one twelfth of the total per month) and charging for the variable cost of materials and subcontractor costs applied to each job as incurred. This has improved efficiencies and reduced the administrative burden on the company.

6.3. Income

Actual income was £43k below budget.

The income for responsive repairs was £17k ahead of the revised budget but is expected to fall back in line with the full year forecast.

Capital works income is £11k ahead of budget but will be in line with the full year forecast by the end of the financial year.

The income for voids work is £39k ahead of budget due to a high number of recent completions and higher value of works.

Electrical works income is an additional contract for current year. The forecast for 2015/16 is £230k for the year. The period up to February 2016 has a positive variance of £18k.

Aids and Adaptations works are forecast to be £30k for the year which is £140k below budget and £27k of works have been billed so far. This is due to the adaptations works that have been required being of a specialist nature whereas currently the company is undertaking the smaller unspecialised jobs only.

6.4 Expenditure

6.4.1 Staff Costs

Actual Staff costs are £238k below budget.

This is mainly due to the structure not being fully established. The new Managing Director has been recruited and is currently undertaking recruitment to senior positions within the company. In the meantime our reliance on subcontract operatives has continued above expected levels. We want to ensure vacancies are filled by permanent staff with the required skill sets and to achieve the right trade mix to maximise productivity of the operatives.

6.4.2 Other Costs

Other costs are £213k above budget.

Subcontractor's costs are £342k ahead of budget due to the delay earlier in the financial year, in recruiting permanent operatives and now the urgency to complete outstanding jobs before the yearend.

Some of this adverse variance was off-set by savings in other areas including the reduced spend on materials costs of £88k and £29k reduction on vehicle costs. The reduced spend on material costs reflect the fact that subcontractor's costs include costs for the materials they use. This cost is being closely monitored and is expected to drop in the 2016/17 financial year as per the approved budget.

6.5 Balance Sheet as at 31st February 2016 (Appendix 4)

6.5.1 Current Assets – A decrease of £186k from the yearend balance. This is mainly accounted for by the decrease in accrued income at year end.

6.5.2 Cash at bank and in hand – An increase of £8k from the yearend balance. The current balance stands at £321k.

6.5.3 Trade creditors – An increase of £100k 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.

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

The revised budget for 2015/16 is a net income of £39,224k, split between budgeted expenditure of £19,555k and budgeted income of £58,780k. The overall forecast is a net income of £40,680k, a £1,455k positive variance.

7.1 Total Income

7.1.1 Income will see an £1,086k drop in income. This is mainly due to the release of provisions for energy provided at Lancaster West and Portobello Court Estates as mentioned above. The impact on the income is offset by the release of accrual in the expenditure (Electricity, Heating & Hot Water). The breakdown in variances is explained below:

- Income – Service charges – The forecast has been reduced by £250k to reflect the impact of the Heating and Hot Water refunds due to leaseholders.
- Income – Heating & Hot Water – An £836k reduction in the Income relates to the refunds made to tenants on Lancaster West and Portobello Court for Heating and Hot Water charges made in previous years.

7.2 Total Expenditure

7.2.1 Planned Maintenance has an underspend of £1,238k. This is mainly due to a change in providers for some of the major contracted works and is detailed below:

- Rewiring Works – Savings of £240k with a lower level of electrical repairs identified than initially anticipated. The majority of works undertaken during the year have been deemed to be of capital nature and thus have been capitalised.
- Central Programmed Heating work – A reduction of £80k has been forecasted due to a full asset survey being undertaken by the new communal heating contractor and this has resulted in an annual revenue program achieving a saving to the central programme.
- External Decorations – £800k underspend is currently predicted in this financial year. On site operations halted due to the contractor going into liquidation in July 2015. This has impacted on the delivery of the programme of works scheduled for 2015/16. A new contractor will continue with the programme once finalised, however, it is expected that a large

proportion of the work will be delayed until the next financial year and will be contained within the provision of £3m which has been set for 2016/17. It is possible that additional work may be undertaken and a request to increase the budget may be considered as part of the quarterly monitoring process. A higher budget may be proposed for 2017/18 depending upon the level of outstanding work and the capacity within the team.

- Drainage Works – Forecasted to be underspent by £70k. This is because the majority of works were a part of the responsive repairs undertaken. It is anticipated that this budget will be merged with responsive repairs from 2016/17 to allow better management of coding in Agresso.

7.2.2 Responsive Maintenance – Savings of £71k in District Heating due to ongoing procurement savings made in the first year of the new contract. Savings for 2016/17 will be reviewed in the early part of the new financial year.

7.2.3 Planned Responsive Repairs - Aids and Adaptations – Savings of £35k achieved. Some of the works identified are of a capital nature and therefore will be included in the capital programme.

7.2.4 Electricity, Heating & Hot Water - Expenditure on energy is predicted to be £1.086m less than was assumed in the budget reflecting release of provisions for energy provided at Lancaster West and Portobello Court Estates. Each year, the annual accounts have included accruals for energy invoices yet to be received. Six years have now elapsed since the energy relating to these provisions was provided at the two estates, so statutory limitations now apply and the energy providers are unable to pursue the Council. Charges were made to tenants and leaseholders on the assumption that invoices would be received. The balance of the variation reflects both lower usage and lower prices across the Council's estates.

7.2.5 Provision for Bad and Doubtful debts – The forecast has been reduced by £100k to reflect the steady level of overall debt and collection rates have remained constant.

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 of £11.5 million.

Actual spend to February 2016, presented as £8,005k. This reflects that a significant spend is expected in the last month of the current financial year.

8.2 Regeneration and Hidden Homes

The total project budget is £11.943 million and current forecast expenditure for the schemes listed is £10,968 million. Actual total project expenditure to February 2016 was £9.928 million.

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 £616k (Service Charges a reduction of £735k, Major Works an increase of £119k). Collection levels have been maintained and payment plans have also been arranged to continue to help overall debt fall.

10. Recommendation

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

Rupa Bhola
Assistant Director of Finance

THE ROYAL BOROUGH OF KENSINGTON & CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED

Appendix 1

Income and Expenditure Report for the month ended 29th February 2016

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)
Managament Fees	10,703	10,790	86	1%	9,811	9,897	85	1%
Capital Programme Fee	841	841	0	0%	771	771	0	0%
CAS Income	486	513	27	6%	446	474	28	6%
Legal Costs Recovered	270	255	(15)	-6%	248	244	(3)	-1%
Other Income	1,191	1,210	19	2%	1,092	932	(160)	-15%
Digital TV Income	480	470	(10)	-2%	440	470	30	7%
TOTAL INCOME	13,971	14,079	108	1%	12,807	12,787	(20)	-0%
Staff Salaries	(9,524)	(8,617)	907	10%	(8,730)	(7,877)	853	10%
Agency costs	0	(944)	(944)	-100%	0	(825)	(825)	-100%
Staff Related Costs	(236)	(311)	(75)	-32%	(217)	(274)	(58)	-27%
TOTAL PEOPLE COSTS	(9,760)	(9,872)	(112)	-1%	(8,947)	(8,976)	(30)	-0%
Accommodation	(819)	(836)	(17)	-2%	(750)	(768)	(18)	-2%
CAS Service Costs	(86)	(93)	(7)	-8%	(79)	(91)	(12)	-16%
Communication & Publication	(144)	(189)	(46)	-32%	(133)	(166)	(33)	-25%
Consultants	(145)	(126)	19	13%	(133)	(93)	39	30%
Depreciation	(390)	(341)	49	13%	(358)	(304)	54	15%
Digital TV	(480)	(470)	10	2%	(440)	(470)	(30)	-7%
Facilities Costs	(156)	(147)	9	6%	(143)	(145)	(2)	-2%
ICT Service Costs	(607)	(616)	(9)	-1%	(556)	(586)	(29)	-5%
Legal Costs (Non SLA)	(355)	(340)	15	4%	(325)	(319)	7	2%
Legal Costs (SLA)	(270)	(258)	12	4%	(248)	(156)	92	37%
Service Delivery	(427)	(458)	(31)	-7%	(391)	(419)	(27)	-7%
SLA Costs (excluding Legal)	(298)	(298)	(0)	-0%	(273)	(263)	10	4%
TOTAL OTHER COSTS	(4,175)	(4,171)	4	0%	(3,828)	(3,778)	50	1%
Surplus/(Deficit) before Tax ex Lanc West	36	36	0	0%	32	32	(0)	-0%

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

BALANCE SHEET as at 29th February 2016

	As at 29th Feb 2016 £k	As at 31st Mar 2015 £k	Movement £k
BALANCE SHEET			
FIXED ASSETS			
Tangible assets	858	1,040	(181)
CURRENT ASSETS:			
Trade debtors	228	45	183
Other debtors	(139)	297	(436)
Prepayments and accrued income	309	375	(66)
Investment In Repairs Direct	717	658	60
Cash at bank and in hand	2,938	2,352	586
	<u>4,054</u>	<u>3,727</u>	<u>327</u>
LIABILITIES:			
Trade creditors	429	133	296
Corporation tax	0	57	(57)
Other taxes and social security	242	649	(408)
Other creditors	19	19	(0)
Accruals and deferred income	1,980	1,698	282
	<u>2,670</u>	<u>2,557</u>	<u>113</u>
NET CURRENT ASSETS	1,384	1,170	213
NET ASSETS	2,242	2,210	32
Defined benefit pension scheme liability	(9,370)	(9,370)	-
TOTAL NET LIABILITIES	(7,128)	(7,160)	32
CAPITAL AND RESERVES:			
Reserves brought forward	2,210	2,210	-
Surplus/(deficit) for the year	32		32
	<u>2,242</u>	<u>2,210</u>	<u>32</u>
Defined benefit pension scheme liability	(9,370)	(9,370)	-
Members' funds	(7,128)	(7,160)	32

KENSINGTON & CHELSEA TMO REPAIRS DIRECT LIMITED
PROFIT AND LOSS STATEMENT FOR THE PERIOD ENDED 29th FEBRUARY 2016

Amounts in £'000s	TOTAL YEAR				YEAR TO DATE			
DESCRIPTION	Budget 2015-16 £k	Forecast £k	Variance £k	% Variance	Budget 2015-16 £k	Actual YTD £k	Variance from Budget £k	% Variance
	A	C	D (C-A)	E(D/A)	I	J	K(J-I)	E(K/I)
DTD Income	3,900	3,964	63	2%	3,575	3,592	17	0%
Capital Income	330	330	0	0%	303	314	11	4%
Voids Income	1,000	1,000	0	0%	917	956	39	4%
Electrical Works	200	230	30	15%	183	201	18	10%
Aid & Adaptations Income	170	30	(140)	-82%	156	27	(129)	-82%
TOTAL INCOME	5,600	5,554	(47)	-1%	5,133	5,090	(43)	-1%
Staff Salaries	(1,233)	(1,050)	183	15%	(1,130)	(964)	166	15%
Agency costs	(587)	(543)	44	8%	(538)	(456)	82	15%
Staff Related Costs	(43)	(52)	(9)	-20%	(39)	(49)	(10)	-25%
TOTAL PEOPLE COSTS	(1,863)	(1,645)	219	12%	(1,708)	(1,470)	238	14%
Accommodation	(20)	(20)	0	1%	(19)	(20)	(2)	-9%
Communication & Publication	(3)	(3)	0	0%	(3)	(3)	(0)	-9%
Consultants	(20)	(48)	(28)	-140%	(19)	(47)	(29)	-156%
Depreciation	(77)	(77)	0	0%	(71)	(70)	0	0%
Corporate Insurance	(9)	(12)	(3)	-34%	(8)	(14)	(6)	-78%
ICT Service Costs	(76)	(77)	(1)	-2%	(70)	(66)	3	5%
Legal Costs (Non SLA)	(14)	(2)	12	86%	(13)	(1)	12	96%
Service Delivery	(45)	(18)	27	60%	(41)	(10)	31	75%
Salary Recharges from TMO	(407)	(407)	0	0%	(373)	(373)	0	0%
Subcontractor Costs	(2,225)	(2,516)	(291)	-13%	(2,040)	(2,381)	(342)	-17%
Materials Costs	(462)	(377)	85	18%	(423)	(335)	88	21%
Vehicles Costs	(219)	(190)	29	13%	(201)	(171)	30	15%
TOTAL OTHER COSTS	(3,577)	(3,748)	(171)	-5%	(3,279)	(3,492)	(213)	-6%
Surplus/(Deficit) before Tax	160	161	1	1%	147	129	(18)	-12%

KENSINGTON & CHELSEA TMO REPAIRS DIRECT LIMITE
BALANCE SHEET as at 29th FEBRUARY 2016

Description	As at 31st Jan 2016 £k	As at 31st Mar 2015 £k
FIXED ASSETS		
Tangible assets	186	257
CURRENT ASSETS		
Trade debtors	705	157
Other debtors	0	0
Prepayments and accrued income	0	743
Stock	7	7
Cash at bank and in hand	321	313
	1,034	1,220
LIABILITIES		
Trade creditors	126	26
Other taxes and social security	138	289
Corporation Tax	15	17
Other creditors	0	0
Accruals and deferred income	250	645
	529	977
NET CURRENT ASSETS	504	243
NET ASSETS	691	500
Loan from KCTMO	686	626
TOTAL NET LIABILITIES	5	(126)
CAPITAL AND RESERVES		
Reserves brought forward	(126)	(126)
Surplus / (deficit) for the year	129	-
	3	(126)

KENSINGTON & CHELSEA TMO REPAIRS DIRECT REPORTING

Cash Flow Year 2015-16

MANAGEMENT REPORTING FOR PERIOD ENDED 29th FEBRUARY 2016

	Month:	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	TOTAL 15/16
Receipts														
1	Loan from TMO													-
2	Receipts from RBKC	327,232	834,519	483,139	491,054	469,493	533,219	457,158	396,805	483,496	1,006,752	763,232	650,000	6,896,100
	Total Receipts	327,232	834,519	483,139	491,054	469,493	533,219	457,158	396,805	483,496	1,006,752	763,232	650,000	6,896,100
Payments														
3	Operational Costs	303,465	685,089	500,041	379,577	510,402	519,281	465,348	454,760	404,276	844,100	522,404	550,000	6,138,744
4	Direct Payroll costs	69,533	71,432	60,929	59,217	57,323	53,450	52,027	54,538	52,584	54,503	65,211	65,000	715,747
5	Repayment of Loan to TMO (over 5 years)													-
	Total Payments	372,998	756,521	560,970	438,794	567,725	572,731	517,375	509,298	456,860	898,603	587,615	615,000	6,854,490
	Cashflow Surplus/Deficit (-)	-45,766	77,998	-77,832	52,260	-98,231	-39,512	-60,217	-112,493	26,636	108,149	175,617	35,000	41,610
	Opening Monthly Net Cash Balance	313,927	268,161	346,159	268,327	320,587	222,356	182,845	122,628	10,135	36,771	144,920	320,537	313,927
	Closing Monthly Net Cash Balance	268,161	346,159	268,327	320,587	222,356	182,845	122,628	10,135	36,771	144,920	320,537	355,537	355,537

Key

1	Loan from TMO	Upfront Loan to RD
2	Monthly Income received	Contract sum paid to ISP (1/12) per month in the middle of the month similar to current payment arrangements
3	Operational Costs	Paid on 30 days credit
4	Direct Payroll costs	Net Salary for direct staff in the RD payroll
5	Repayment of Loan to TMO (over 5 years)	Payment of 1/5 of the Loan amount at end of Financial year

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED

HRA - EXPENDITURE MONITORING REPORT

FOR THE PERIOD ENDING 29th February 2016

Appendix 5

Amounts in £000's	TOTAL YEAR				YEAR TO DATE			
HRA MANAGED BUDGETS	Budget 2015/16 (Revised) £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	43,852	43,852	0	0%	40,198	38,610	(1,588)	-4%
Tenant Service Charges	4,337	4,337	0	0%	3,976	3,855	(120)	-3%
Leaseholder Service Charges	4,611	4,361	(250)	-5%	4,227	4,156	(71)	-2%
Heating & Hot Water Charges	1,841	1,005	(836)	-45%	1,688	1,791	104	6%
Commercial Properties Rent Income	3,189	3,189	0	0%	2,923	1,730	(1,193)	-41%
Garage Rent Income	872	872	0	0%	799	745	(54)	-7%
Other Charges for Services & Facilities	64	64	0	0%	59	46	(12)	-21%
Supporting People Contract Income	13	13	0	0%	12	13	1	9%
Total Income	58,780	57,694	(1,086)	-2%	53,881	50,946	(2,935)	-5%
Rents, Rates, Taxes & Other Charges	(170)	(170)	0	0%	(156)	(89)	67	43%
Planned Maintenance	(5,022)	(3,784)	1,238	25%	(4,603)	(2,605)	1,999	43%
Responsive Maintenance	(5,895)	(5,823)	71	1%	(5,403)	(4,906)	497	9%
Planned Responsive Repairs	(125)	(90)	35	28%	(115)	(44)	70	61%
Electricity, Heating & Hot Water	(3,356)	(2,270)	1,086	32%	(3,077)	(431)	2,645	86%
Provision for Bad and Doubtful Debts	(423)	(323)	100	24%	(388)	0	388	100%
Legal Costs	(218)	(218)	0	0%	(199)	0	199	100%
Contract Cleaning	(2,303)	(2,303)	0	0%	(2,111)	(2,234)	(123)	-6%
Pest Control	(244)	(244)	0	0%	(224)	(205)	19	9%
Refuse Collection	(157)	(157)	0	0%	(144)	(3)	141	98%
General Management	(758)	(747)	11	1%	(695)	(797)	(102)	-15%
Supporting People Expenditure	(220)	(220)	0	0%	(202)	(131)	71	35%
Digital TV Costs	(465)	(465)	0	0%	(426)	(362)	64	15%
Area Revenue Works	(199)	(199)	0	0%	(183)	(474)	(292)	-160%
Total Expenditure	(19,555)	(17,014)	2,541	13%	(17,926)	(12,282)	5,643	31%
Transfer To/From Reserves (HRA)	0	0	0	0%	0	0	0	0%
Net Income/(Expenditure)	39,224	40,680	1,455	4%	35,956	38,664	2,708	8%

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

**HRA - CAPITAL PROGRAMME MONITORING
MANAGEMENT REPORTING FOR PERIOD ENDED 29th February 2016**

PROJECT TYPE	ANNUAL BUDGET 2015-16	ACTUAL YTD SPEND	PROJECTED SPEND 2015-16
(FR) South Internal Works (Kitchens, Bathrooms, Electrics, Heating)	£ 4,800,146	£ 2,356,553	£ 3,185,502
(FR) North Internal Works (Kitchens, Bathrooms, Electrics, Heating)	£ 6,702,624	£ 2,506,407	£ 4,352,923
Capitalised External Repairs and Redecoration	£ -	£ 2,356,553	£ 3,185,502
(FR) Major Aids and Adaptations	£ 200,000	£ -	£ -
(FR) Adair Tower - Fire Reinstatement works	£ -	£ 154,026	£ -
(FR) Walnut Tree House - Waterproofing and landscaping works	£ -	£ 750	£ 8,400
(FR) Holmefield House - Pipework Renewal	£ -	£ 154,026	£ -
(FR) Cremorne Estate - Fire Stopping	£ -	£ 83,960	£ 134,480
Aids and Adaptations (Non Framework)	£ 300,000	£ 5,115	£ 15,115
Door Entry Systems - Upgrade	£ 125,000	£ 355,517	-£ 0
155 Notting Hill Boundary Wall	£ -	£ -	£ -
18 Pembridge Square - Structural works	£ 58,000	£ 5,115	£ 8,400
Trellick Tower - phase 6 - Services	£ 20,000	£ 41,966	£ 86,966
Trellick Tower - phase 7 - External Fabric	£ 20,000	£ 90,268	£ 101,018
Communal Electrics	£ 180,000	£ -	£ -
Domestic Electrics	£ 350,000	£ 50,540	£ 52,540
Lift Renewal Programme	£ -	£ 39,721	£ 99,339
Individual Boiler Replacements	£ 50,000	£ 98,770	£ 165,355
Fire Risk Assessments	£ 50,000	£ 35,930	£ 39,930
Environmental Improvements	£ 446,000	£ 36,848	£ 39,148
Lancaster West - Garage Door	£ 60,000	£ 49,878	£ 59,878
Lancaster West - Replacement of boiler chimney	£ -	£ 427,904	£ 617,984
Capitalised Repairs	£ 150,000	£ 640,394	£ 690,394
Capitalised Voids	£ 300,000	£ 695	£ 695
Commercial Properties	£ 50,000	£ 309,132	£ 334,132
Professional Fees	£ 100,000	£ 418,592	£ 598,592
Capital Programme Staff Salary Cost	incl	£ 1,500	£ -
Capitalised External Redecoration Programme 2013/14 (North)	£ -	£ -	£ 115,513
Projects Complete/in DLP	£ 38,230	-£ 7,444	£ 128,587
Refurbishment of Community Rooms	£ -	-£ 1,112	£ 108,888
TOTAL	£ 14,000,000	£ 10,211,603	£ 14,129,281

REGENERATION AND HIDDEN HOMES	TOTAL PROJECT BUDGET	TOTAL PROJECT SPEND TO DATE	TOTAL PROJECT FORECAST
Regeneration - Grenfell Tower	£ 10,300,000	£ 9,341,000	£ 10,300,000
Hidden Homes - Whistler Walk	£ 743,000	£ 581,260	£ 656,280
Hidden Homes - Homefield House	£ 50,000	£ 1,560	£ 1,560
Conversion - 91 Tavistock Crescent	£ 850,000	£ 3,935	£ 10,000
TOTAL	11,943,000	9,927,755	10,967,840

**THE ROAYL BOROUGH 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 Oct	End Nov	End Feb
			2013 £	2014 £	2015 £	2015 £	2015 £	2016 £
	Tenant		1,131,681	1,641,700	1,130,088	1,900,888	1,857,831	1,752,314
	Leasehold - Service Charges		1,279,928	1,344,666	1,397,316	763,343	687,434	662,736
	Leasehold - Major Works		1,599,319	1,478,768	986,688	1,364,332	1,179,985	1,105,638
	Total Debt		4,010,928	4,465,134	3,514,091	4,028,563	3,725,250	3,520,688

Current Payment Plans At 29th February 2016

Leasehold - Service Charges	220,332
Leasehold - Major Works	547,121
Total	£767,453

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

Confidential	
For Information	
Board Report 31 March 2016	
Report title:	Capital Programme Update
Authority for decision:	The Board is responsible for ensuring that the Company meets its contractual obligations.
Recommendations:	<p>It is recommended that the Board consider the report and note the:</p> <ul style="list-style-type: none"> a. progress on the 2015-16 Capital Programme; b. progress on the procurement of the Capital Budget for 2016-17, which is currently valued at £16.5m; and c. options for investment from 2017-18 and beyond which are in development.
Regulatory/legal requirements:	The Companies Act 2006 provides that the Board of Directors has the duty of to promote the success of the Company including managing the relationship with its stakeholder, RBKC.
Business Plan link:	<p>In line with the 2014 -2017 business plan, the effective procurement and delivery of the Capital and Planned Maintenance programmes respond to the Business Plan priorities to:</p> <ul style="list-style-type: none"> • Invest to make great homes and communities • Deliver excellent, good value services.
Equality Impact Assessment/comment:	NA
Resident consultation:	NA
Resource implications/VFM statement:	NA
Risk:	The Company must be able to meet its contractual obligations under the Management Agreement.
Number of Appendices:	2
Total number of pages including appendices:	6
Name, position and contact details of author:	Peter Maddison Director for Assets and Regeneration

2. Capital Programme 2015-16

- 2.1 The capital programme for 2015-16 was originally approved at £14m. At Quarter 4, this was changed to £11.5m, with the balance of £2.5m being moved to 2016-17.
- 2.2 Spend to the end of February 2016 was £8,004,965 (including cash spend and accruals).
- 2.3 The table in Appendix 1 of this report gives a breakdown of spend to the end of Feb 16 and gives a projection of spend to the end of the financial year.

3. Capital Programme 2016-17

- 3.1 The current draft budget for 2016-17 is £16.5m.
- 3.2 The table in Appendix 2 of this report gives a breakdown of the proposed 2016/17 programme. Of this programme, £3.6m is already on site (Internal Works Programme). The majority of the remaining 2016/17 programme is procured and will be mobilised subject to approval of reports elsewhere on this meeting's agenda. Most of the programme has been procured before the start of the financial year and will help achieve a smoother spend profile than previous years.
- 3.3 The main element that is not yet procured is Trellick Tower. This is in procurement and is programmed to start on site in autumn 2016, subject to planning permission, leasehold consultation and Board Approval. We are currently carrying out pilot works to demonstrate that they will meet the requirements of the Planners. Baily Garner are currently working with Wates to tender and market test subcontractor packages to ensure value for money.

3.5 Key Risks

Key risks in the programme are:

- a) **Planning:** The Trellick Tower scheme requires Planning approval given the Grade 2* listed building status. This could delay the works. We are in discussion with Planners and will have greater clarity about this risk in April 16.
- b) **Leasehold Consultation:** There remains a risk of challenge from leaseholders relating to the External Works Package. We will be able to assess this risk on completion of the Leaseholder Section 20 consultation and consider any action required to mitigate this.

3.6 Mitigation of Risk

If delays occur in the programme, the early procurement of the next External Works Package can be accelerated to achieve additional expenditure in 2016/17. An alternative approach would be to re-profile an element of the 2016/17 budget back to 2017/18 and/or 2018/19 to

smooth the expenditure profile. The options for this will be considered in further detail in Quarter 1.

3.7 Leasehold Consultation

The following contracts are currently procured and leaseholders are being consulted. The contracts are on this Board agenda for approval, subject to satisfactory completion of formal leaseholder consultation:

- External Works Programme 2016-17
- Lift Renewal Programme 2016-17 & 17-18

- 3.8 In addition to these contracts, the revenue Facilities Management Contract is also scheduled to be reported to Board in March for approval. Tenders are due at the end of February. The timescale is tight to complete the evaluation and produce a tender report and Board paper and it is subject to the evaluation being straight forward and without need for significant clarification.

4. Planning for Programmes for 2017/18 and Beyond

- 4.1 Planning of the 2017/18 programme and beyond are underway. The 2017/18 programme will continue to focus on External Works. We are also procuring feasibility studies in 2016/17 for communal plant upgrade works that will be planned for inclusion in the 2017/18 programme and beyond.

- 4.2 Changes in our Investment Strategy will be required in the context of the reduction in capital funding (related to rent reduction) and the likely changes from sale of voids to support Housing Association RTB. The implications of these issues are likely to be clearer later in 2016. In the meantime, we have reviewed and refreshed our stock condition data on Keystone and have established an Asset Investment Model (AIM) to help us appraise, evaluate and model our planned investment programmes.

- 4.3 We are currently also reviewing the detailed findings of the scope of works and costs for the Externals Programme that has been procured through the Framework. To date this work indicates that there are limited renewals required for key elements such as windows and roofs. This is not consistent with our stock condition data and further analysis is required to fully understand this matter.

- 4.5 It is proposed to take an update report to Operations Committee in May 16 to explain the implication of the current level of capital expenditure on the condition of the stock, in particular, the likely reduction of capital investment down to £10m in 2018/19 and beyond.

TENANT MANAGEMENT ORGANISATION

HRA - CAPITAL PROGRAMME MONITORING

MANAGEMENT REPORTING FOR PERIOD ENDED 29th February 2016

PROJECT TYPE	ANNUAL BUDGET 2015-16	ACTUAL YTD SPEND	PROJECTED SPEND 2015-16
(FR) South Internal Works (Kitchens, Bathrooms, Electrics, Heating)	£ 4,800,146	£ 2,356,553	£ 3,185,502
(FR) North Internal Works (Kitchens, Bathrooms, Electrics, Heating)	£ 6,702,624	£ 2,506,407	£ 4,352,923
Capitalised External Repairs and Redecoration	£ -	£ 83,959	£ 134,479
(FR) Major Aids and Adaptations	£ 200,000	£ -	£ -
(FR) Adair Tower - Fire Reinstatement works	£ -	£ 154,026	£ 165,516
(FR) Walnut Tree House - Waterproofing and landscaping works	£ -	£ -	£ 8,400
(FR) Holmefield House - Pipework Renewal	£ -	£ -	£ -
(FR) Cremorne Estate - Fire Stopping	£ -	£ 750	£ 3,000
Aids and Adaptations (Non Framework)	£ 300,000	£ 640,394	£ 690,394
Door Entry Systems - Upgrade	£ 125,000	£ 50,540	£ 52,540
155 Notting Hill Boundary Wall	£ -	£ 695	£ 695
18 Pembridge Square - Structural works	£ 58,000	£ 5,115	£ 15,115
Trellick Tower - phase 6 - Services	£ 20,000	£ 35,930	£ 39,930
Trellick Tower - phase 7 - External Fabric	£ 20,000	£ 36,848	£ 39,148
Communal Electrics	£ 180,000	£ 39,721	£ 99,339
Domestic Electrics	£ 350,000	£ 98,770	£ 165,355
Lift Renewal Programme	£ -	£ 41,966	£ 86,966
Individual Boiler Replacements	£ 50,000	£ 90,268	£ 101,018
Fire Risk Assessments	£ 50,000	£ 49,878	£ 59,878
Environmental Improvements	£ 446,000	£ 427,904	£ 617,984
Lancaster West - Garage Door	£ 60,000	-£ 1,112	£ 108,888
Lancaster West - Replacement of boiler chimney	£ -	£ 163,714	£ 177,714
Capitalised Repairs	£ 150,000	£ 309,132	£ 334,132
Capitalised Voids	£ 300,000	£ 418,592	£ 598,592
Commercial Properties	£ 50,000	£ 1,500	£ 51,500
Professional Fees	£ 100,000	£ 146,051	£ 168,051
Capital Programme Staff Salary Cost	incl	£ 355,517	£ -
Capitalised External Redecoration Programme 2013/14 (North)	£ -	£ 5,204	£ 69,671
Projects Complete/in DLP	£ 38,230	-£ 13,357	£ 59,668
Refurbishment of Community Rooms	£ -	£ -	£ 115,513
TOTAL	£ 14,000,000	£ 8,004,965	£ 11,501,911

Appendix 2

PROJECT	Projected Spend 2016-17	Current Status
(FR) South Internal Works (Kitchens, Bathrooms, Electrics)	1,398,997	On site
(FR) North Internal Works (Kitchens, Bathrooms, Electrics)	2,239,025	On site
Externals (Roofs, Windows, External Repair and Redecoration)	6,750,000	Procured through Framework. Out to S20. Board Approval in March 16.
(FR) Major Aids and Adaptations	200,000	Responsive
Aids and Adaptations (Non Framework)	300,000	Responsive
Trellick Tower - phase 7 - External Fabric	1,730,000	In Procurement through Framework. Start on site estimated Autumn 16
Communal Electrics	450,000	Scoped. Awaiting costing
Lift Renewal Programme	1,000,000	Procured. Stage 2 S20 about to commence. Board Approval March 16. Start on site estimated Sept 16.
Communal Plant Renewal	650,000	Procured: Lowerwood Court is procured - pending S20 and Board Approval in March 16. Ongoing feasibility works
Environmental Improvements	500,000	At Feasibility Stage. (Includes HRP funds)
Capitalised Repairs	150,000	Responsive
Capitalised Voids	450,000	Responsive
Commercial Properties	100,000	
Professional Fees	350,000	Includes feasibility budget for 2017-18 Programme
Capital Programme Staff Salary Cost	566,274	
	16,834,296	
Budget 2016/17	16,500,000	
	- 334,296	
Possible Additional Schemes		
Further External Repair and Redecoration	£tbc	
Walnut Tree House Waterproofing and landscape works	£tbc	
Holmfield House - pipework works	255,000	

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

Confidential	
For Decision	
Board Report 31 March 2016	
Report title:	Capital Works Framework – External Works
Authority for decision:	The Board is required to approve the grant of contracts above the value of £1m.
Recommendations:	<p>It is recommended that the Board consider the contents of this report and upon due consideration, pass resolutions in the following form:</p> <p>“The Board RESOLVED TO:</p> <ul style="list-style-type: none"> (i) Note the allocations of £6.75m capital and £3m Revenue from the 16-17 Capital and Revenue budgets to undertake external decorations and repairs including works to communal areas. (ii) agree and approve works orders between the Company and Wates Living Space Limited for external works to be undertaken in the North Area of the Borough for the sum of £5,260,185 (inclusive of fees); (iii) agree and approve works orders between the Company and Keepmoat Regeneration Limited in respect of external works to be undertaken in the South Area of the Borough in the sum of £5,646,430 (inclusive of fees); (iv) authorise any two Executive Directors, or an Executive Director and the Company Secretary to execute all and any task orders in respect of external works to be entered further to the contract of works by and between the Company, Keepmoat Regeneration Limited, and Wates Living Space Limited respectively, for and on behalf of the Company.”
Regulatory/legal requirements:	The Companies Act 2006 provides that the Board of Directors has the duty of to promote the success of the Company.
Business Plan link:	In line with the 2014 -2017 business plan, the effective procurement and delivery of the Capital and Planned Maintenance programmes respond to

	<p>the Business Plan priorities to:</p> <ul style="list-style-type: none"> • Invest to make great homes and communities; and • Deliver excellent, good value services.
Equality Impact Assessment/comment:	NA
Resident consultation:	Residents have been consulted on choice, design, duration and how the works will progress. Further consultations during the programme on quality and performance from the contractor will inform the Framework performance indicators
Resource implications/VFM statement:	The cost in relation to the Framework Agreement is within the budget of the Company. There are no costs on the Company arising from the entry into the Framework Agreement.
Risk:	<p>The Company must be able to meet its contractual obligations under any contractual agreements and the Board should ensure that the liabilities and obligations being entered into can be met.</p> <p>Failure to enter into these agreements will have a negative impact on its obligations of delivery of the future capital programme. This will impact negatively on the Company, and may result in a service delivery failure to RBKC under the MMA..</p>
Number of Appendices:	1
Total number of pages including appendices:	10
Name, position and contact details of author:	<p>Peter Maddison Director for Assets and Regeneration</p>

1 Introduction

1. This paper gives an update on progress of the contractor and consultant frameworks entered into in 2015/16 and seeks approval to enter into the contract for works for call offs from the frameworks for the programme of external works (roof and window replacement/ repair, external fabric repairs and redecoration externally and to communal area) for 2016/17.

2. Background

- 2.1 On 20th November 2014, the Board approved the appointment of the following four Service Providers to the Capital Works Contractors' Framework:

- Wates Living Space Limited
- Keepmoat Regeneration Limited
- Mitie Property Services (UK) Limited
- Mulalley & Company Limited

At the same meeting, approval was granted to enter into the four year Framework Agreements with each Service Provider.

- 2.2 On 5 January 2015, the Board agreed and approved the appointment of Bailey Garner LLP, John Rowan and Partners LLP and Arcus Consulting LLP to the Capital Works Consultants Framework. The Board also agreed to appoint Baily Garner (North Area) and John Rowan and Partners (South Area) to provide consultancy services for the delivery of the capital programme for 2015-16 and 2016-17.
- 2.3 On 23 July 2015, the Board agreed and approved the call-off of Wates Living Space Limited to undertake works in the North Area of the Borough, further to the Framework Agreement, for a period of two years and the call-off of Keepmoat Regeneration Limited to undertake works in the South Area of the Borough, further to the Framework Agreement, for a period of two years
- 2.4 The Framework Agreements for each Service Provider and Consultant have been engrossed and signed by the Service Provider, the Company and the Consultants.
- 2.5 The internal works call offs to both contractors were also agreed at the 23 July 2015 Board and internal works orders have been entered into for works totalling £7.68m in 2015/16 with further orders raised for works valued at £3.5m which will be carried forward for delivery early in 2016/17.

4. Budgets and Programme of Works for 2016/17

- 4.1 The table below gives a breakdown of the work proposed to be delivered through the framework for 2016/17 and being funded by Capital or Revenue budgets.

Item	Funding Type	2016/17
Internal Works (Kitchen, Bathroom, Electrics, Heating)	Capital	£3,638,022
Externals (Roofs, windows, external repair and redecoration)	Capital	£6,750,000
Externals (Roofs, windows, external repair and redecoration)	Revenue	£3,000,000
Trellick Tower - Phase 7 - External Fabric	Capital	£1,730,000
Major Aids and Adaptations	Capital	£200,000
Total funding (Capital and Revenue)		£15,318,022

- 4.2 The 2017/18 external decorations programmes is largely procured and the Board is asked to note the allocation of £6.75m capital and £3.0m revenue funding for external works.
- 4.3 The mobilisation of the External Works programme (Windows and Doors, and Roofs and External Elemental Repairs) can now proceed following the successful outcome of the Upper Tier LVT determination regarding compliance with leasehold legislation which was received in July 2015
- 4.4 Formal Section 20 Stage 3 consultation notices have been issued. This exercise will conclude on 22 March 2016 with Executive Team sign off of the process anticipated on 23 March 2016 ensuring we have given due regard to any queries raised by leaseholders. This will allow commencement of the works on site from April 2016.
- 4.5 We have carried out a comprehensive review of the external schedule of rates to ensure value for money was being achieved. Costs have been benchmarked externally and validated in a report by Baily Garner. Where necessary additional rates to cover items not in the original schedule have been agreed.
- 4.6 A further market test of scaffolding costs has been carried out. We have gone out to tender to a number of scaffolding contractors to ensure that these costs offer best value for money. This exercise is currently concluding and both service providers have agreed that we will receive the benefit of these rates for the 16-17 external programme. This exercise will help establish a clear market tested rate and will also achieve consistency in prices between our two service providers.
- 4.7 Extensive individual estate and block consultations have been carried out with residents on the scope and approach to works. This has included explaining our approach to window and roof renewals. We are mindful of the current repair only leases where we cannot recharge leaseholders for improvement

works. We have explained that we will carry out repairs to these where it is economically beneficial to do so.

5. External Works Framework Contractor Call Offs for 2016/17

- 5.1 The Tables below provide details of the properties and costs for the North and South Programmes that are currently concluding the Section 20 process. We also provide timescales for the remaining properties in the programme which have either been scoped but the scope and costs are being reviewed or the properties are still being worked up to that stage. All are being programmed to commence during 2016/17.
- 5.2 The table below indicates the blocks in the South area where Section 20 has been served and works can commence from April subject to concluding the consultation stage. The total value of works is £4,168,520

South area Section 20 blocks; Service Provider Keepmoat Regeneration

Block Name	Total Estimated Cost Including Prelims
<u>Total Works Costs</u>	
Milman's House 1-32	£411,269.21
Gillray House 1-32	£421,871.68
Lacland House 1-32	£409,790.12
Riley House 1-32	£409,172.77
Holland Road 123 A-E	£39,234.90
Holland Road 10	£29,307.33
Holland Road 121 A-E	£40,136.37
Holland Road 137 A-C	£39,833.37
Curran House 1-30	£382,929.45
Keppel House 1-15	£304,521.23
26 Ixworth Place: Houses	£8,023.47
Cadogan House 1-49	£221,051.76
Chelsea Manor Court 55-76	£70,717.89
Flat 48 Beaufort Street: Houses	£5,264.66
Chelsea Manor Court 79-94	£60,683.13
Chelsea Manor Court 27-54	£73,930.90
Chelsea Manor 1-26	£70,082.31
Kingsley House 1-48	£219,127.10
Burleigh House 1-42	£214,610.51
Dacre House 1-47	£204,872.00
Winchester House 1-56	£223,241.13
Holland Road 37 A-C	£28,027.00
Holland Road 115 A-E	£36,815.86
Holland Road 133	£35,389.21
Holland Road 67 A-F	£34,591.15
Slaidburn Street 60 (1-10)	£174,026.47
	£4,168,520.98

- 5.3 The following blocks in the South are scoped and costs are under review. Further consultation is necessary with residents. We anticipate this will conclude early April allowing the serving of Section 20 Stage 3 notices. Works can commence from quarter 2 2016/17. The estimated value of works is £131,479.

Block	Estimated cost
Lots road (Blocks 40, 66, 70, 74, 76, 80, 86	£131,479

- 5.4 Blocks in the North area where Section 20 has been served and works can commence from April subject to concluding the consultation stage. The total value of works is £1,526,664.58

North area Section 20 blocks; Service Provider Wates Living Space Limited

Block Name	Total Estimated Cost Including Prelims
Total Block Cost	-
Blagrove Road: Houses	£76,552.36
CLARE GARDENS 1 - 18	£126,010.90
Clare Gardens 27-28	£20,791.97
CLARE GARDENS 33 - 34	£21,837.15
CLARE GARDENS 36 - 37	£22,348.79
CLARE GARDENS FLATS 19 - 26	£53,848.06
Clare Gardens: Houses	£17,035.17
Dalgarno Gardens: Houses	£23,278.57
KELFIELD GARDENS 19 - ALL SERVICES	£27,701.91
Malvern Close: Houses	£80,077.44
Methwold Road: Houses	£35,578.07
Oakworth Road: Houses	£152,246.90
Orchard Close: Houses	£62,550.08
ST ERVANS ROAD 1 - 49 ODD BLOCK SERVICES	£104,074.15
ST ERVANS ROAD 2 - 24 EVEN BLOCK SERVICES	£51,134.48
ST ERVANS ROAD 26 - 42 EVEN BLOCK SERVICES	£38,350.86
ST ERVANS ROAD 44 - 114 EVEN BLOCK SERVICES	£230,105.16
ST ERVANS ROAD 51 - 81 ODD BLOCK SERVICES	£102,268.96
ST ERVANS ROAD 83 - 133 ODD BLOCK SERVICES	£166,187.06
St Marks Road: Houses	£17,472.83
Wornington Road: Houses	£97,213.71
	£1,526,664.58

- 5.5 The following blocks in the North are scoped and costs are being finalised. Further consultation is necessary with residents. We anticipate this will conclude in early April allowing the serving of Section 20 Stage 3 notices. Works can commence from Quarter 2 2016/17. The estimated value of works is £2,600,000.

Block	Estimated Cost
ACKLAM ROAD BLOCK 19 - 233	
BEVINGTON ROAD 6 - 68 BLOCK SERVICES	
BLOCK 144-158 PORTLAND ROAD	
BLOCK SERVICES - 160-174 PORTLAND ROAD	
ELGIN CRESCENT 65-67 - BLOCK SERVICES	
HILL FARM ROAD 1 -15 ODD BLOCK SERVICES	
HILL FARM ROAD 17 - 31 ODD BLOCK SERVICES	
HILL FARM ROAD 18 - 32 EVEN BLOCK SERVICES	
HILL FARM ROAD 2 -16 EVEN BLOCK SERVICES	
HILL FARM ROAD 34 - 40 EVEN BLOCK SERVICES	
HOLMFIELD HOUSE - ALL SERVICES	
METHWOLD ROAD 1-7 ODD	
METHWOLD ROAD 25 - 31 ODD BLOCK SERVICES	
METHWOLD ROAD 26 - 36 EVEN BLOCK SERVICES	
METHWOLD ROAD 4 - 18 EVEN BLOCK SERVICES	
METHWOLD ROAD 9-23 ODD	
MORGAN ROAD 1 - 11 ODD BLOCK SERVICES	
MORGAN ROAD 2 - 12 EVEN BLOCK SERVICES	
OAKWAORTH ROAD 52 - 58 EVEN BLOCK SERVICES	
OAKWORTH ROAD 16 - 30 EVEN BLOCK SERVICES	
OAKWORTH ROAD 23 - 33 ODD BLOCK SERVICES	
OAKWORTH ROAD 3 - 21 ODD BLOCK SERVICES	
OAKWORTH ROAD 36 - 42 EVEN BLOCK SERVICES	
OAKWORTH ROAD 39 - 45 ODD BLOCK SERVICES	
OAKWORTH ROAD 4 - 10 EVEN BLOCK SERVICES	
OAKWORTH ROAD 51 - 69 ODD BLOCK SERVICES	
ORCHARD CLOSE 1 - 32 BLOCK SERVICES	
PANGBOURNE AVENUE 122 - 132 EVEN BLOCK SERVICES	
PENZANCE STREET 16 & 17 BLOCK SERVICES	
PENZANCE STREET 18 & 19 BLOCK SERVICES	
ST MARK ROAD 201 - 215 ODD BLOCK SERVICES	
ST MARKS ROAD 217 - 231 ODD BLOCK SERVICES	
ST MARK ROAD 90 - 98 EVEN BLOCK SERVICES	
WORNINGTON ROAD 1 - 55 ODD BLOCK SERVICES	
WORNINGTON ROAD 2 - 20 EVEN BLOCK SERVICES	
WORNINGTON ROAD 22 - 44 EVEN BLOCK SERVICES	
WORNINGTON ROAD 46 - 50 EVEN BLOCK SERVICES	
WORNINGTON ROAD 54 - 68 EVEN BLOCK SERVICES	
WORNINGTON ROAD 74 - 88 EVEN BLOCK SERVICES	
WORNINGTON ROAD 94 - 108 EVEN BLOCK SERVICES	
	£2,600,000

- 5.6 Works outstanding to properties following the entering into administration of Fairhurst Ward Associates (FWA) will make up the remainder of the external programme being delivered in 2016/17.

Priority	Status	Costs
Priority 1; Roofs exposed) <ul style="list-style-type: none"> • Adair Tower • 1 Pembridge Square 	<ul style="list-style-type: none"> • Scoped and Costed • No section 20 implications • Start on site; end March 	£354,951
Priority 2 Significant works outstanding <ul style="list-style-type: none"> • Nottingwood House • Kensal House • 55 Lancaster Road • Octavia House • 18 Basing Street • 25 Basing Street • 12 Cambridge Gardens 	<ul style="list-style-type: none"> • Scoped and costs being validated. • Further Section 20 required • Target for site start; June 2016 	£465,399 (estimated)
Priority 3 Properties with 95% plus works complete	<ul style="list-style-type: none"> • No section 20 implications • Start on Site April 2016 	£50,000 (estimated)
Priority 4 Properties where works had not commenced <ul style="list-style-type: none"> • 8-25 Verity Close • 26-43 Verity Close • 52-80 Edenham Way • 1-11 Morgan Rd • 1-12 Walmer House • 134-140 Bramley Rd • 22 McGregor Rd • 88-90 Bramley Rd • 55, 61, 101 Golborne Rd • 94&223 Ladbroke Grove 	<ul style="list-style-type: none"> • Scoped and costs being validated. • Further Section 20 required • Target for site start; June 2016 • 	£689,914 (estimated)
Totals		£1.560,264

- 5.7 The table below provides a summary of the estimated costs. A number of costs are currently being validated and adjustments will be made to our allowances as the new rates from the scaffolding tender are applied.

Works status	Works Costs	Scheme costs
South programme; Section 20 served	£4,168,520	£4,552,441
South programme; costs being validated	£131,479	£143,588
FWA allowance South; costs being validated	£870,251	£950,401
Sub-totals		£5,646,430
North Programme; Section 20 served	£1,526,664	£1,667,270
North Programme; Costs being validated	£2,600,000	£2,839,460
FWA Properties; costs being validated	£689,914	£753,455
		£5,260,185
Totals	£9,986,828	£10,906,615

6. Programme and cash flows

- 6.1 These are currently being prepared by the Service Providers. Expenditure is anticipated to be evenly distributed through the four financial quarters. The internal programme rolling into 2016/17 will ensure early spend and will reduce in quarter 1 as external expenditure increases.
- 6.2 It is our intention to over programme during the year so that the programme can be flexed if there are any areas which are delayed.
- 6.3 The table below shows the planned cash flow for 2016/17 with allocation for each contractor and includes for the carryover of any additional spend into 2017/18. Please note the costs include estimates at this stage, and these will be adjusted as appropriate prior to letting works packages. It is anticipated that there will be some carry over of works in 2017/18 as the estimated totals currently exceed the 2016/17 allocated budget for cyclical works.

Programme	2016/17 Cyclical Budget	2016/17 spend	2017/18 carryover
South Programme		£4,875,000	£771,430
North Programme		£4,875,000	£385,185
Totals	£9,975,000	£9,750,000	£1,156,615

7 Recommendations

- 4.6 It is recommended that Board upon due consideration of this report pass the resolutions in the form presented on the first page of this report.

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

Confidential	
For Decision	
Board Report 31st March 2016	
Report title:	Lift Renewal Programme
Authority for decision:	The Board is required to approve the grant of contracts above the value of £1m.
Recommendations:	<p>It is recommended that the Board consider the contents of this report and upon due consideration, pass resolutions in the following form:</p> <p>"The Board RESOLVED TO:</p> <ul style="list-style-type: none"> a) Let the 2016/17 and 2017/18 Lift Renewal contract to Guideline Lift Services Limited for a contract sum of £3,490,813 and a total estimated commitment of 4,108,686 (inclusive of fees) b) Authorise any two Executive Directors or an Executive Director and the Company Secretary to execute the contract of works by and between the Company and Guideline Lift Services for and on the behalf of the Company."
Regulatory/legal requirements:	The Companies Act 2006 provides that the Board of Directors has the duty of to promote the success of the Company.
Business Plan link:	<p>In line with the 2014 -2017 business plan, the effective procurement and delivery of the Capital and Planned Maintenance programmes respond to the Business Plan priorities to:</p> <ul style="list-style-type: none"> • Invest to make great homes and communities; and • Deliver excellent, good value services.
Equality Impact Assessment/comment:	NA
Resident consultation:	Residents have been consulted on choice, design, duration and how the works will progress. Further consultations during the programme on quality and performance from the contractor will inform the KPI's.
Resource implications/VFM statement:	The cost in relation to this contract is within the budget of the Company.

Risk:	<p>The Company must be able to meet its contractual obligations under any contractual agreements and the Board should ensure that the liabilities and obligations being entered into can be met.</p> <p>Failure to enter into these agreements will have a negative impact on its obligations of delivery of the future capital programme. This will impact negatively on the Company, and may result in a service delivery failure to RBKC under the MMA..</p>
Number of Appendices:	1
Total number of pages including appendices:	9
Name, position and contact details of author:	<p>Peter Maddison Director for Assets and Regeneration</p>

1 Background

- 1.1 KCTMO proposes to deliver a programme of lift replacement works in various properties across the borough between 2016 and 2018. Overall 35 lifts will be replaced. These lifts have been selected based on their age, difficulty in obtaining spare parts of history and breakdowns. A schedule of the lifts to be renewed is detailed in Appendix 1 of this report.
- 1.2 The lifts will be replaced in properties with a mixed tenure; both tenants and leaseholders, and initial notification of the proposed works has been sent to leaseholders in accordance with the Leaseholder Reform Act and subsequent legislation.
- 1.3 The proposed form of contact is TPC2008 with work on individual lifts or groups of individual lifts being authorised by separate Task Orders.
- 1.4 Works are expected to take between 12 and 16 weeks from initial shutdown to full reinstatement for each lift.
- 1.5 Due to the nature of these works and possible impact on specific residents drop in sessions have taken place to gain feedback of individual concerns or circumstances which may result in greater resident impact. In addition all residents have been sent a survey to highlight any individual dependencies or medical needs where greater support or possible decant may be required. These will be evaluated as the program progresses to develop individual support plans where required.

2. Procurement

- 2.1 A notice was published in Contracts Finder on the 25th September 2015 asking interested service providers to contact KCTMO for the Pre-Qualification Questionnaire (PQQ).
- 2.2 Twenty five service providers expressed an interest in the opportunity of which 16 returned completed PQQs. The sixteen completed PQQs were evaluated in accordance with the published criteria and the four highest scoring service providers were invited to tender on the 5th December 2015. The service providers invited to tender were:
 - Guideline Lift Services Limited
 - Lift Specialists Limited
 - ELA Group
 - Apex Lifts
- 2.3 Tenders were returned on the 26th January 2016 and have been evaluated in accordance with the guidelines set out in the invitation to tender. The invitation to tender stipulated that the evaluation would be based on a price (50%) and quality (50%) basis. The quality element of the evaluation was based entirely on the responses to the Tender Questions.

3. Tender Evaluation

3.1 Quality Evaluation

The following table gives a summary of the quality scores for each service provider were as follows:

	ELA		Lift Specialists		Guideline		Apex	
	Moderated score	Final Weighted	Moderated score	Final Weighted	Moderated score	Final Weighted	Moderated score	Final Weighted
1. Planning	2	2.00%	4	4.00%	8	8.00%	6	6.00%
2. Cost Reporting	2	1.00%	6	3.00%	8	4.00%	6	3.00%
3. Resident liaison	4	4.00%	6	6.00%	6	6.00%	8	8.00%
4. Minimise disruption	4	2.00%	8	4.00%	6	3.00%	6	3.00%
5. (a) Managing change	0	0.00%	4	0.60%	6	0.90%	4	0.60%
5.(b) Programme updates	2	0.30%	4	0.60%	6	0.90%	6	0.90%
5. (c) Hazelwood Tower	0	0.00%	4	0.80%	2	0.40%	4	0.80%
6. (a) Lift components	4	2.00%	6	3.00%	4	2.00%	4	2.00%
6. (b) Design and installation	2	1.00%	6	3.00%	4	2.00%	4	2.00%
7. Defect liability period	4	2.00%	6	3.00%	4	2.00%	4	2.00%
		14.30%		28.00%		29.20%		28.30%

3.2 Commercial Evaluation

The following table shows the total price in the Price Model in the Forms of Tender as submitted (and shown on the T4 Form) and the corrected price following the clarification process.

	Apex	ELA	Guideline	Lift Specialists
Price as submitted	£3,596,937	£3,188,287	£3,516,661	£3,614,863
Price as corrected	£3,600,687	£3,185,853	£3,490,813	£3,615,613
Difference	+£3,750	- £2,434	-£25,848	+£750

3.3 Price is 50% of the total score. The submissions were scored on the basis that the lowest compliant bid would be awarded 100% of the available commercial score, with the remaining tenders being adjusted by the same percentage differential; thus a tender twice as high as the lowest bid would achieve a score of 25%, as opposed to the lowest bid's score of 50%.

3.4 Price / Quality Evaluation

The following table gives the results of the evaluation:

	Quality evaluation	Commercial evaluation	Combined evaluation
Guideline Lift Services Limited	29.20	45.63	74.83%
Lift Specialists Limited	28.00	44.06	72.06%
ELA Group	14.30	50.00	64.30%
Apex Lifts	28.30	44.23	72.53%

3.5 The evaluation shows a very close grouping of price and quality of the tenders received. The most significant variance is that the quality submission from ELA Group was significantly poorer than the other tenderers. Although they submitted the lowest price, the poor quality submission resulted in them coming in last place in the overall evaluation.

3.6 The tender submitted by Guideline Lift Services Limited was second on price and scored highest on quality and scored the highest on the overall evaluation. It is recommended that the contract is awarded to Guideline Lift services.

4. Leasehold Issues

- 4.1 Second stage leasehold Section 20 notices have been issued to leaseholders to consult them on entering into a Long Term Qualifying Agreement (LTQA) with Guideline Lift Services.
- 4.2 On completion of this consultation and having given due regard to comments made, a third stage Section 20 notice will be issued to consult leaseholders on the actual cost of the work to their block and their specific contribution.
- 4.3 It is estimated that this consultation will be completed by the end of May 2016 and the contract will be awarded in June 2016, subject to satisfactory completion of the leaseholder consultation.

5. Financial Implications

- 5.1 It is proposed that this contract will be phased over two financial years (2016-17 and 2017-18) and there is a capital budget provision of £1m in 2016/17 and £3.1m in 2017/18 to fund these works.
- 5.2 The total estimated commitment for the works is as follows:

Contract Sum:	£3,490,813
Contingency (10%):	£349,081
Fees (7%):	£268,792
Total:	£4,108,687

- 5.3 Careful phasing of the works is a key element of this contract. A detailed programme will be agreed with the contractor with lifts being released in lots. This will help ensure that the quality of work is high and further lots will only be released on satisfactory completion of works.

Appendix 1

2016-2018 LIFT RENEWAL PROGRAM

Address	Equipment age	lift reference	Floors	# of lifts serving block
Clydesdale House, 255 Westbourne Park Rd, W11 1ED	1981	H106	3	1
Hazlewood Tower, Appleford Road, W10 5DT	1984	H129	14	2
Hazlewood Tower, Appleford Road, W10 5DT	1984	H130	14	2
375 Portobello Road, W10 5SL	1988	H138	3	1
35 Elm Park Gardens, SW10 9QF	1956	H058	5	1
86 Elm Park Gardens, SW10 9PD	1958	H048	5	1
92 Elm Park Gardens, SW10 9PE	1958	H047	5	1
22 Elm Park Gardens, SW10 9NY	1959	H061	5	1
16 Elm Park Gardens, SW10 9NY	1960	H062	4	1
98 Elm Park Gardens, SW10 9PE	1961	H044	5	1
104 Elm Park Gardens, SW10 9PE	1962	H043	5	1
Elm Park Gardens, Block 68, SW10 9QD	1965	H053	2	1
55 Elm Park Gardens, SW10 9PA	1978	H056	6	1
110 Elm Park Gardens, SW10 9PF	1978	H042	5	1
74 Elm Park Gardens, SW10 9PD	1962	H050	5	1
68 Elm Park Gardens, SW10 9PB	1965	H052	6	1
5 Elm Park Gardens, SW10 9QQ	1967	H066	7	1
5 Elm Park Gardens, SW10 9QQ	1967	H067	7	1
7 Elm Park Gardens, SW10 9QG	1967	H064	7	1
7 Elm Park Gardens, SW10 9QG	1967	H065	7	1
67 Elm Park Gardens, SW10 9QE	1970	H054	7	1
67 Elm Park Gardens, SW10 9QE	1970	H055	7	1
93 Elm Park Gardens, SW10 9QW	1974	H045	7	1
93 Elm Park Gardens, SW10 9QW	1974	H046	7	1
Ledbury House, Lonsdale Road, W11 2DH	1974	H107	5	1
Longlands Court, Westbourne Grove, W11 2QE	1976	H113	6	1
Longlands Court, Westbourne Grove, W11 2QE	1976	H114	6	1
Longlands Court, Westbourne Grove, W11 2QE	1976	H115	6	1
Longlands Court, Westbourne Grove, W11 2QE	1976	H116	6	1
Longlands Court, Westbourne Grove, W11 2QE	1976	H117	6	1
Lonsdale House, Lonsdale Road, W11 2DG	1976	H108	8	1
Lonsdale House, Lonsdale Road, W11 2DG	1976	H109	8	1
Lonsdale House, Lonsdale Road, W11 2DG	1976	H110	8	1
Lonsdale House, Lonsdale Road, W11 2DG	1976	H111	8	1
Lonsdale House, Lonsdale Road, W11 2DG	1976	H112	8	1

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

Confidential	
For Decision	
Board Report 31 March 2016	
Report title:	Subsidiary Board Appointment
Authority for decision:	The Board (on behalf of the Shareholder) is responsible for approving the appointment to the Board of its subsidiary.
Recommendations:	It is recommended that the Board consider the contents of this report and upon due consideration pass a resolution in the following form: “The Board RESOLVED TO agree to the appointment of Paul Mains as a non-executive director of the subsidiary and Chairman of the board of directors of the subsidiary with effect from the date of the meeting.”
Regulatory/legal requirements:	The Intra Group Agreement between the Company and its subsidiary provides that any appointment on the board of the subsidiary shall require the consent of the Company.
Business Plan link:	Not Applicable.
Equality Impact Assessment/comment:	Not Applicable.
Resident consultation:	Not Applicable
Resource implications/VFM statement:	Not applicable
Risk:	There are no risks to be considered.
Appendices:	None
Total number of pages including appendices:	3
Name, position and contact details of author:	Fola Kafidiya, Head of Governance & Company Secretary, Ext [REDACTED]

1. EXECUTIVE SUMMARY

- 1.1 The Board delegated the recruitment and selection of the Chair of the board of directors of the subsidiary to the Appointments & Remuneration Committee, at its meeting on 10 September 2015. The advert for the recruitment to the position was placed on an e-recruitment website and a copy of the Job Description of the role is attached at Appendix 1..
- 1.2 Members of the Executive Team, Barbara Matthew, Sacha Jevans, and Yvonne Birch considered the submissions received and it was agreed that two candidates, Paul Mains and Alan Rogers were the only suitable candidates to be considered for the role.
- 1.3 The Appointments & Remuneration Committee met on 1 February 2016 to interview the shortlisted two candidates for the role. Following the conclusion of the interview, the Committee agreed that Paul Mains should be recommended to the Board for the position of chair of the subsidiary.
- 1.4 The Company and its subsidiary entered into an intra group agreement on 5th January 2015 within which it has been provided and agreed that any appointment of directors of the subsidiary shall require the approval of the Company. The Board is requested to consider the recommendations on the front page of this report and agree to appoint Paul Mains to the board to the subsidiary.

2. CONCLUSION

- 2.1 The Board is invited to consider and pass the resolutions recommended on the first page of this report.

KENSINGTON AND CHELSEA TMO REPAIRS DIRECT LTD (RD)

JOB DESCRIPTION

Post:	Chair of RD Board of Directors
Responsible to:	The Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited Board
Responsible for:	Acting in the capacity of a Director under the Companies Acts and delivering strategic leadership and direction. Directing the affairs of the Board and acting only in the interests of RD as a business.
Remuneration:	up to £6,000 per annum.

As a sounding board for the Managing Director (MD) and other board members, the Board Chair will provide leadership to RD as it transitions from a newly formed organization into a sustainable Repairs service provider. The Board Chair will support the work of RD, and provide strategic and governance leadership and support.

Specific responsibilities include:

- Leadership, governance, and oversight
- Being a trusted advisor to the CEO as s/he develops and implements RD's financial and business plan as approved by the Parent Board.
- Developing and managing relationships and communicating with the Parent Board, and other stakeholders.
- As a board member, approving RD's annual budget, and material business decisions; being informed of, and meeting all, legal, contractual and statutory responsibilities.
- Reviewing key performance indicators (KPIs) to be met by RD for evaluating its service delivery, and regularly measuring its performance and effectiveness using those KPIs.
- Coordinating and overseeing an annual performance evaluation of the MD.
- Assisting the Parent Board and its delegated committee in recruiting board members;
- Periodically consulting with board members on their roles and helping them assess their performance.
- presiding over, board meetings, setting the agenda, and partnering with the MD to ensure that board mandates are carried out.
- Acting as an ambassador for the organization.

PERSON SPECIFICATION

This is an extraordinary opportunity for an individual who is passionate about the success of a repairs service business and who has a track record of board leadership. The selected Board Chair will have achieved leadership stature in a service provider business (preferably a repairs service provider business), or the commercial sector. His/her accomplishments will allow him/her to attract other well-qualified, high-performing board members.

Ideal candidates will have the following qualifications:

- Time to commit to Board, training and some external events.

- An ability to work strategically and collaboratively at a senior level with knowledge of excellent corporate governance.
- Experience in strategic planning.
- Extensive professional experience with significant executive leadership accomplishments in business, and a commercial awareness.
- Evidence of sound independent judgement.
- Demonstrated success as a non-executive board member or board chair.
- A commitment to and understanding of RD's business preferably based on experience.
- An ability to lead change successfully and positively influence individuals and organisations.
- Diplomatic skills and a natural affinity for cultivating relationships and persuading, convening, facilitating, and building consensus among diverse individuals.
- Excellent written and oral communication skills.
- Personal qualities of integrity, credibility, and a passion for improving the lives of service beneficiaries.

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

OPERATIONS COMMITTEE
(the 'Committee')

Minutes of a meeting of the Committee of the Company
held on 28 January 2016 at 6.30 pm
at 346 Kensington High Street, London, W14 8NS

PRESENT:

Resident Board Members	Tony Annis	- Chair
	Fay Edwards	- Left the meeting at 7:43 pm

Independent Board Members	Kush Kanodia
	Brendan Tracey
	Peter Chapman

APOLOGIES

Mary Benjamin
Cllr. Judith Blakeman
Paula Fance
Maria Escudero-Barbaza

IN ATTENDANCE:

Sacha Jevans	Executive Director of Operations
Yvonne Birch	Executive Director People and Performance
Peter Maddison (PM)	Director of Assets and Regeneration
Daniel Wood	Assistant Director Home Ownership
Siobhan Bowman	Performance Manager - Business Improvement
Kiran Singh	Head of Neighbourhood Management
Andrew McAllister	Head of Strategic Investment
Fola Kafidiya-Oke	Head of Governance & Company Secretary
Daniel Asamoah	Minutes

1. NOTICE, APOLOGIES AND QUORUM

- 1.1 The Committee **RESOLVED TO** elect Tony Annis to chair the meeting as the election of Chair of the Committee was to be deferred to the next meeting of the Committee.
- 1.2 The members of the Committee present noted that the meeting was not quorate in accordance with the Terms of Reference of the Committee. It was noted that the decision items were to be deferred to the next meeting of the Committee.
- 1.3 The Committee agreed that notice had been given to the members entitled to receive notice and attend the meeting.

- 1.4 The Committee also noted that apologies have been received from Mary Benjamin, Maria Escudero-Barbaza, Cllr Judith Blakeman, and Paula Fance.

2 ELECTION OF CHAIR AND VICE CHAIR

- 2.1 This item was agreed to be deferred to the next meeting of the Committee.

3. MINUTES OF THE MEETING HELD ON 1 OCTOBER 2015

- 3.1 This item was agreed to be deferred to the next meeting of the Committee.

4. MATTERS ARISING

- 4.1 The Committee noted the following updates on the matters arising:

4.2 *Void's Turnaround Process*

The Committee agreed that a verbal update should be provided at the next meeting of the Committee.

4.3 *Contact Centre Benchmarking*

Siobhan Bowman drew the attention of the Committee to the performance report which included some benchmarking information on the Company's contact centre versus the RBKC contact centre.

4.4 *Lift Maintenance, Gas Safety, and Electrical Testing Compliance Report*

It was noted that a report was presented in the pack for the meeting.

4.5 *Trellick Tower Capital Investment*

It was noted that a report was presented in the pack for the meeting.

5. DECLARATIONS OF INTEREST

- 5.1 The members of the Committee present confirmed that they had no interests which they were under a duty to disclose.

6. PERFORMANCE REPORT – Q3 2015/16

- 6.1 Siobhan Bowman presented the quarterly performance report to the Committee. The Committee agreed that there was a need to improve the publication of results on estate inspections. The Committee also noted that there had been an increase in arrears which was as a result of the Christmas season, and even though performance had dipped for water quality compliance, this was a low risk for the Company.

- 6.2 The Committee considered the benchmarking information provided for the RBKC contact centre versus the performance of the Company's contact centre.

- 6.3 Tony Annis questioned whether the improvement in performance of the customer service centre was as a result of the changing technology. Sacha Jevans clarified that the improvements were primarily as a result of the training programme introduced and implemented for the staff in the contact centre.

6.4 Peter Chapman commended the contents of the performance report. Peter Chapman commented that it would be expedient to know residents' thoughts on service quality and this could be achieved by introducing a simple satisfaction survey at the end of each phone call taken by the contact centre. He highlighted that this was similar to the process used by the RBKC contact centre. Sacha Jevans welcomed the suggestion and agreed to consider this and report back to the committee at the next meeting.

6.5 Brenden Tracey suggested that a breakdown of the dates and stages of complaints taken should be included in the performance report. Yvonne Birch confirmed that the annual complaints report would provide a breakdown of the number of complaints and the stages applicable.

6.6 Kush Kanodia highlighted the recent ruling which clarified that bedroom tax was discriminatory for disabled social tenants. He questioned the impact of the ruling on the performance matrices for the Company.

6.7 The Committee **NOTED** the contents of the report.

7. HOME OWNERSHIP UPDATE REPORT

7.1 Daniel Wood presented the home ownership update report which highlighted that:

- Income collection had fallen below the target because of the Agresso problems;
- performance for major works collection, service charge collection, telephone statistics were above target; and
- arrears' action and legal referrals were impacted by the Agresso issues.

7.2 Kush Kanodia questioned when the Agresso system issues would be resolved. Daniel Wood explained that there was no confirmation at the current time, but the main issue was with misallocated payments. He confirmed that there had been signs of improvement.

7.3 The Committee **NOTED** the contents of the report

8. NEIGHBOURHOOD MANAGEMENT UPDATE REPORT

8.1 Kiran Singh presented the neighbourhood update report which highlighted that:

- there had been a slight drop in anti-social behaviour cases reported in Quarter 3 compared to the same period in the last year.
- there were still on-going issues with the Agresso financial system and this had impacted the rent income collection service. There were £64k worth of missing payments still outstanding.
- the reduction in the benefit cap could affect the rent income collection service.

Kiran Singh further confirmed that the repair works at Adair Tower was almost complete and he hoped to move residents back into their homes soon.

8.2 Kush Kanodia expressed concern on the effect of Universal Credit on residents. Kiran Singh clarified that Universal Credit would mainly affect new claimants (initially the single and childless). Kush Kanodia expressed concerns on the notification and publication of the switchover to Universal Credit and how the Company was dealing with this and the

impact of the potential transition period. Kiran Singh assured the Committee that letters was being sent out to approx. 1000 residents to provide an overview of Universal Credit and support residents who may require help with their budgeting. An update on Universal Credit would be provided to the Committee.

8.3 Peter Maddison stated that the Asset & Regeneration team would be looking at the condition surveys for improvements to environmental areas and tying this to the capital programme.

8.4 The Committee **NOTED** the contents of the report.

9. CUSTOMER FIRST TENANT PROFILING QUESTIONNAIRE

9.1 Sacha Jevans presented a paper providing a detailed background to the profiling questionnaire to be issued to all residents of properties managed by the Company. She reminded the Committee that a previous version of the questionnaire had been issued to Resident Association Chairs to consider and the feedback received had been taken into account in the version presented to the Committee. She informed the Committee that legal advice had been sought on the contents of the questionnaire. She clarified that the next step was to issue the questionnaire to all tenants of properties managed by the Company.

9.2 Tony Annis questioned if residents had an obligation to complete the questionnaire or as there were any sections of the questionnaire which were optional to provide. Yvonne Birch explained that the tenancy agreement signed by tenants provided that tenants were required to provide most of the information on the form. She added that some of the questions did not require a compulsory response if resident did not want to divulge that information, they were allowed to pick the 'prefer not to say' response.

9.3 Brenden Tracey suggested that the form should be made available on the Company website. Sacha Jevans agreed to look into getting the forms on the website.

9.4 Kush Kanodia suggested that a supplementary guide which explained reasons for completing forms should be provided with the questionnaire. Sacha Jevans assured the Committee that explanatory notes would be provided with the questionnaire. Fola Kafidiya-Oke reiterated to the Committee that it was important to understand why the information update was being conducted. It was noted that the updated form would be presented to the Resident Association chairs.

9.5 The Committee **NOTED** the contents of the report.

10. CAPITAL PROGRAMME UPDATE REPORT

10.1 Peter Maddison presented an update on the Capital Programme for the current financial year which highlighted that:

- the total spend for the period to December 2015 was £5.48m, resulting in more expenditure for the rest of the financial year.
- it was decided to reduce the 2015-2016 capital programme budget by £2.5m until the implications of any potential reduction in capital funding could be ascertained.

- the £2.5m reduction in the 2015-2016 would be transferred to the 2016-2017 programme to reduce the impact of the external works to be undertaken on the Trellick Tower on the capital programme for that year.

- 10.2 Peter Chapman questioned the implications of the reduced expenditure, on the capital programme. He expressed his concern about future of the capital programme and its impact on the Company and drew the attention of the Committee to the risk stated on the risk register 'no clear funding strategy beyond 2017/2018'.
- 10.3 The Committee noted that the implications for the 2018-2019 capital programme was a matter for the Board meeting and would be best discussed at that meeting.

- 10.4 The Committee **NOTED** the contents of the report

11. TRELICK TOWER INVESTMENT

- 11.1 Peter Maddison presented a report highlighting the proposal to invest in Trellick Tower by undertaking external repair works. The Committee considered the report which set out the rationale for the decision to invest in Trellick and the other options which were not considered to be viable to pursue.
- 11.2 The Committee noted that it was proposed to spend £7.2m to undertake the external repairs to the tower during the 2016-17 and 2017-18 financial years. The Committee expressed their unease on the allocation of approx. 40% of the capital programme budget for 2017-18 to the repair of just one asset as it would be perceived by the other tenants as being detrimental and unfair. Peter Chapman expressed the opinion that RBKC should increase the capital programme by the corresponding amount to fund the repairs. He further reiterated that RBKC should undertake a strategic review of its options for Trellick Tower considering the amount of investment being absorbed by the block.
- 11.3 Peter Maddison assured the Committee that RBKC had increased the investment in the budget to cater for the works needed at Trellick Tower. He added that the works were essential to satisfy health and safety requirements and ensure that the asset does not enter into disrepair. Sacha Jevans suggested that a paper should be prepared highlighting the impact of the investment in Trellick on the other properties managed by the Company.
- 11.4 The Committee **NOTED** the contents of the report

12. STATUTORY COMPLIANCE UPDATE

- 12.1 Peter Maddison presented a report covering the compliance obligations of the Company on Lift Maintenance, Gas Safety, Water Quality and Electrical Testing. He explained that the report outlined the approach of the Company in ensuring compliance throughout the year.
- 12.2 The Committee noted that it was intended to ensure that the contracts would ensure statutory compliance by the contractors and a report would be presented to the Board on the subject.

12.3 The Committee noted that the performance reports showed improvements across all indicators over the last three years except in the area of water quality which was below expectation but had also seen improvement. Peter Chapman complimented the benchmarking information provided.

12.2 The Committee **NOTED** the contents of the report.

13. DATE OF NEXT MEETING

13.1 The next meeting of the Company is scheduled for 5 May 2016.

13.2 The meeting closed at 8:30pm

DRAFT

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

Minutes of a meeting of the Board of the Directors (**Board**)
held on 16 December 2015 at 5:30 pm
at 346 Kensington High Street, London W14 8NS

PRESENT:

DIRECTORS	Barbara Matthews	- Chair
	Sacha Jevans	
	Eman Yosry	

IN ATTENDANCE	Paul Gevaux	Interim Managing Director
	Daniel Asamoah	Company Secretarial Assistant

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 21 OCTOBER 2015

- 2.1 The Board considered the minutes for the meeting held on 21 October 2015 and **RESOLVED TO** agree and approve that the minutes presented were a true and accurate record of the meeting

3. MATTERS ARISING

- 3.1 Barbara Matthews informed the Board that the proposed new charging model had been presented to the Parent board for its approval and it had resolved to agree and approve the new charging model with an effective date of 1 April 2015. The instructions for the amendments to the contract would be passed to the lawyers and the amended contract signed once completed.

4. DECLARATIONS OF INTEREST

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

5. MANAGING DIRECTOR'S REPORT

- 5.1 Paul Gevaux presented his update report. He highlighted the company's activities and performance from the year to date.
- 5.2 He informed the Board that pending the appointment of a new Managing Director, the

recruitment for repairs, operative staff and some senior management posts had been placed on hold with the exception of the Service Manager and Service Administrators' posts which are essential for service continuity.

- 5.3 Paul Gevaux also stated that there were no major areas of concerns with regards to performance. He assured the Board that the progress against the action plan was showing a great deal of improvement. His report highlighted that:
- customer satisfaction has improved but the number of completed surveys have dropped and he was working on increasing that for the rest of the year.
 - post inspection works have improved.
 - performance against the target for emergencies has improved since November 2015 and it was hoped that the target would be maintained for the rest of the financial year.
 - routine repairs had been good but could be improved.
 - the number of void jobs completed was high and consistent. There were concerns with the level of quality, mainly because the company relied on one contractor. He added that there were plans to engage some more contractors and handle some of the works in-house.
 - staff training had been regular, and good feedback had been received from the operatives.
 - the vacant supervisors' roles have been filled internally, as the company had aimed to develop its staff and improve upon their level of job satisfaction
- 5.4 Paul Gevaux drew the attention of the Board to the Risk Register and questioned the risks populated on the risk register particularly 'Residents unclear on responsibilities, scope and timing of repairs and maintenance works'. Eman Yosry explained that the door-knocking exercise to collect feedback on repairs and maintenance works had resulted in insightful information being obtained from residents. She reiterated that the survey was intensive and they spoke to a majority of residents so the data that was gathered was authentic. Sacha Jevans assured the Board that a specific project group had been set up to manage the issues raised about repairs by residents. The Board agreed that the risk register be reviewed and presented at the next meeting.
- 5.5 Sacha Jevans sought clarity on the sort of feedback received from the residents in the door-knocking exercise. Eman Yosry stated that some of the residents were pleased with the service being provided by the Company however some residents were unhappy with the out-of- hours service provided especially the communication on the service and the call handling. She highlighted that some residents are confused with regards to distinguishing the roles of the Company and the Parent company. On the other hand, the area review board requested that a representative of the Company should attend their quarterly meetings.
- 5.6 Barbara Matthews expressed her concern on the call resolution by Pinnacle, the out-of-hours service provider. Sacha Jevans explained that Pinnacle was a large company with many clients, and may not always get their priorities right. The Board agreed to review the out-of-service contract and consider the possibility of procuring a local company which used in-house staff.
- 5.7 Eman Yosry informed the Board that she had noticed a great improvement in customer services after her recent experience with the customer contact centre. Sacha Jevans

confirmed that a lot of effort has been put into improving the customer service and was pleased to hear the feedback.

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

6. BUDGET MONITORING REPORT

6.1 Rupa Bhola presented the budget monitoring report for the financial year to date.

6.2 The report highlighted the following:

- the surplus to date was £94k, with an expected end-of -year profit of £160k.
- the actual income was £150k above budgeted income.
- voids income was £17k below budget.
- staff cost were £23k below the budget.
- other costs were £173k above budget.
- the Company's cash balance was £200k.

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

7. BUDGET 2016/2017

7.1 Rupa Bhola presented the revised budgets for 2015/16 and the proposed budget for the 2016/2017 financial year.

7.2 Rupa Bhola highlighted that proposed 2016/17 budgets were prepared on the following assumptions :

- 1% inflation increase on turnover.
- 1% inflationary increase on subcontractor, material and transport costs.
- 2% inflationary increase on ICT overheads including annual support costs.
- 1% inflationary increase on remaining expenditure budgets including staff costs.
- the electrical works contract was not expected to continue for 2016/17 financial year.

7.3 Rupa Bhola further highlighted that the proposed budget had:

- a surplus of £172k.
- costs attributed to the Company consisting mainly of direct staff costs, overhead staff cost recharged by the Parent company, and transport cost which had remained reasonably constant.
- a repayment of the loan to the Parent company in the 2016/17 financial year.

7.4 Barbara Matthews drew the attention of the Board to the significant changes in the staffing cost. It was noted that the changes had been as a result of a restructure and the proposed appointment of the new Managing Director.

7.5 The Board considered the revised budget for the 2015/16 financial year highlighting an expected a surplus of £160k, and £382k extra income from the electrical works contracts and some responsive repair jobs.

7.6 The Board **RESOLVED TO:**

- (i) agree and approve the revisions to the Company's budget for the 2015/16

- financial year;
- (ii) agree and approve the Company's budget for the 2016/17 financial year; and
- (iii) agree to issue the revised 2015-16 Financial Plan, and the 2016/17 Financial Plan to the Parent board for its approval according to provisions of the intragroup agreement

8. 2016 BOARD MEETING DATES

- 8.1 The Board noted the schedule of Board meeting dates for 2016 as presented in the meeting pack and noted that the June meeting date may need to be reviewed.

9. Any Other Business

9.1 APPOINTMENT OF NEW MANAGING DIRECTOR

- 9.1.1 Sacha Jevans informed the Board that the recruitment for the position of Managing Director of the Company had successful resulted in the selection of Graham Webb as the preferred appointee. The Board was given an overview of Graham Webb's professional background and work experience.
- 9.1.2 The Board was invited to agree the selection of Graham Webb as the Managing Director of the Company and to seek the approval of the Parent board on the appointment.
- 9.1.3 The Board **RESOLVED TO:**
- (i) agree to the selection of Graham Webb as the Managing Director of the Company; and
 - (ii) present the recruitment of Graham Webb to the Parent board for its approval of his appointment as the Managing Director of the Company pursuant to its powers under the intragroup agreement.

10. DATE OF NEXT MEETING

- 10.1 The next meeting of the Board was scheduled for 10 March 2016