

# The Royal Borough of Kensington and Chelsea Tenant Management Organisation Ltd

A Meeting of the **TMO Board** will be held on **Thursday 21<sup>st</sup> of March 2013, 6.30pm – 8.30pm** in the **3<sup>rd</sup> Floor Boardroom** at **346 Kensington High Street, London W14 8NS**

Apologies (phone XXXXXXXXXX)

*Refreshments available from 6pm*

<b>PART A – FOR CONSIDERATION / DECISION</b>				
<b>Agenda Item</b>	<b>Report Name</b>	<b>Presenter</b>	<b>Enclosure</b>	<b>Page no.</b>
1	Welcome and apologies for absence Declarations of Interest	Chair		
2	Minutes of Board meetings held on 8 <sup>th</sup> of January 2013 & matters arising	Chair	√	2
3	Chief Executive's Report	Chief Executive	√	18
4	Presentation on the impact of the Welfare Reform	RBKC & Director of People and Performance		
5	Operations Department Contract Award - Central Plant Maintenance (decision item)	Director of Operations	√	27
6	Resident Board Member Election 2013 and Capacity Building Training (decision item)	Company Secretary	√	33
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8	TMO and ISP intra group agreement (decision item)	Company Secretary	√	42
9	Business Plan and Performance update	Director of People and Performance	√	52
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11	AOB			

**Date of next meeting: 16<sup>th</sup> May 2013**

## Agenda Item 2



### THE ROYAL BOROUGH OF KENSINGTON & CHELSEA TENANT MANAGEMENT ORGANISATION

#### TMO Board

Meeting held on 8<sup>th</sup> January 2013

Present: Ms Fay Edwards, Borough wide Board Member (Chair)  
Mr Tony Annis, Borough wide Board Member  
Ms Mary Benjamin, Borough wide Board Member  
Mrs Celine Green, Borough wide Board Member  
Mr Iain Smith, Borough wide Board Member  
Mr Roy Turner, Borough wide Board Member  
Mr Tony Ward, Borough wide Board Member  
Councillor Judith Blakeman, Council appointed Board Member  
Councillor Maighread Condon-Simmonds, Council appointed Board Member  
Mr Jeff Zitron, Council appointed Board Member  
Mr Peter Chapman, Appointed Board Member  
Mr Anthony Preiskel, Appointed Board Member

Apologies: Mr Peter Molyneux, Council appointed Board Member

Not present: Mr Reg Kerr-Bell, Borough wide Board Member

#### In attendance:

Mr Robert Black, Chief Executive  
Mrs Rupa Bhola, Assistant Director of Financial Services  
Ms Yvonne Birch, Executive Director of People and Performance  
Mrs Angela Bosnjak-Szekeres, Governance Manager and Company Secretary  
Ms Sacha Jevans, Executive Director of Operations  
Mr Andy Marshall, Assistant Director of Partnering  
Mr Anthony Parkes, Executive Director of Financial Services and ICT  
Mr Peter Dunne, Consultant  
Ms Jane Clifton, Executive Office Manager



1. Introduction

The Chair welcomed Board members to the meeting.

Cllr Judith Blakeman declared an interest in the agenda item on Grenfell Tower as she is a co-opted member of the Lancaster West EMB board.

2. Minutes of meeting held on 15<sup>th</sup> November

The minutes of the meeting held on 15<sup>th</sup> November were agreed and signed as a correct record.

3. Matters Arising

3.1 RBKC Property Services' update - confirmation was given that this report would be presented to the next Board meeting on 21 March.

4. Chief Executive's report

The Board noted that the Children's Forum New Year event on 4<sup>th</sup> January had been very positive, and showed that the TMO was now engaging more widely in the community. Board members asked the following questions on the report:

1. It was queried whether there was a dispute on the responsibility for fire doors between RBKC and the Fire Brigade. Anthony Parkes reported that following a meeting at the Council with the Fire Brigade, no resolution had been found, and the matter had now been referred to the Secretary of State. Two separate pieces of legislation gave conflicting advice on this matter. However, it had been confirmed at the meeting that the TMO had fulfilled its obligations by carrying out the assessments, and informing the statutory authorities of any issues arising from these. No further action could be carried out until the responsibilities of the two statutory authorities had been established. Further clarification was given that leaseholders could go ahead with replacing their doors in the meantime, but the TMO had no powers to enforce replacement until the dispute was resolved.
2. Progress on the Credit Union was queried. £260k had already been received in payments, and payroll savings from the TMO and other organisations/individuals would

AP

begin at the end of January. By the end of February, it was hoped that the Credit Union would be in a position to begin making loans. The structure was now in place for rolling out the service.

AP

3. The background to the £1m lottery fund payment to World's End Estate and the Lots Road area was queried, and why other estates such as Cremorne, Sir Thomas More and Danvers Street had not been included. It was explained that the TMO had not been aware of the donation until the announcement was made, and local groups would determine how the money was spent. At that stage, it might be possible to put a case forward for spending to be extended to other estates.
4. Board members were advised that RBKC had now appointed a consultant to look at sheltered housing within the borough, including schemes within TMO stock, and there would be consultation on any proposals. A further update to be obtained for Tony Annis.

RB/SJ

#### 5. 2013/14 Rent Report

A joint presentation was made by Steve Mellor, RBKC Housing Finance Manager, and Anthony Parkes, Executive Director of Financial Services and ICT, on the proposed HRA budget, and rent increases for 2013/14:

- The rent increase and budgets were presented to the Board, then the Tenants Consultative Committee on 9 January, and Housing and Property Scrutiny Committee on 16 January before approval of the Key Decision Report by Cllr Coleridge.
- The self-financing regime had been introduced in April 2012 which had replaced the old subsidy regime, and had been welcomed by local authorities. RBKC debt had increased by £24.9m in April 2012, and the financing of the new debt was covered by the HRA.
- The total HRA budget for 2013/14 was £54m, and was made up of the TMO Management Fee, the Managed TCC budgets, and the Council managed HRA budgets.
- The TMO Management Fee was £10.4m, an increase of £300k, which included 1% inflation for salary costs, and an increase in business rates, previously covered by a discount from central government, but now limited to £40k for any one organisation. The increase in business rates was £140k. We would also be recruiting two additional welfare officers who would try and help people from getting into financial difficulty following the introduction of the bedroom tax, and overall benefit cap. An estimate had been made of how many families would be affected by the benefit changes, and more would be affected by the bedroom tax.

We would also be recruiting an additional project officer to work on parking because of our success in creating more income from the car parks. We would aim to achieve a small surplus from the £10.4m budget, which also included Lancaster West EMB.

- The TCC Managed Budgets had been increased by £1.34m because of a carry forward on planned maintenance from 2012/13. This programme had been held up by a legal case in Southwark, and a decision had been taken not to carry out external painting for 2012/13 during the winter. There had also been an increase of nearly £400k for responsive repairs because the Morrison contract had been terminated due to the contractor incurring significant losses, and Willmott Dixon had taken on the contract with a more realistic budget. There had been an increase in bad debt provision of £325k because of the benefit changes, and this figure would be re-assessed during the year. There was an increase in income of £1.3m, excluding rents, because of the increase in commercial parking income, and an increase in leaseholder insurance charges (previous company had not renewed their contract because of losses). There would also be an increase in the recovery of major works' costs as the final accounts for Elm Park Gardens were due to be closed at the beginning of 2013/14.
- On the Council Managed Budgets totalling £22m, £11m was debt charges, both new and historical debt. Other areas were depreciation/transfer to capital, insurance, recharges for Council services, and development/regeneration.
- Rent setting was a statutory requirement, and was done in line with the rent restructuring regime. Under this regime, 2015/16 was the convergence date for rents, but it would take several more years for many properties to achieve this. The average local rent would be £111, which was an average increase of 4.5%. A comparison of 2012/13 rents showed that Hammersmith & Fulham were lower than RBKC, but Wandsworth and Westminster were higher.
- On the overall budget, there would be a surplus of £2.4m which would be added to the working balance, and by the end of 2013/14 this would be £18m. Financial modelling showed that the working balance would be £44m in five years' time, but the annual £7m contribution to the capital programme was insufficient, therefore creating a shortfall. We would also be using all the capital and major works' reserve in 2013/14.

The key messages were:

- The national formula had been used to calculate the rent increase
- The average rent increase would be 4.5%

- We had a healthy HRA working balance which would be used in the medium term for capital works.

Board members asked the following questions:

1. It was asked that a schedule of rent increases be provided for individual blocks by the TCC meeting on 9 January. Confirmation was given that 6.5% would be the highest rent increase.
2. It was queried whether borrowing against the General Fund was cheaper, and it was confirmed that the Public Loans Board would make loans to RBKC because of the level of our reserves, but their rates were fixed at a very high rate, and we would have to pay upfront.
3. It was noted that RBKC had the highest target rent in the comparison with three other boroughs, and this reflected the high property values within the borough. An explanation was given that a comparison had been made with the other boroughs within the tri-borough arrangement, and also Wandsworth who had breached the rent restructuring rules.
4. With reference to all re-lets being let at the target rent level, it was asked whether this would provide a case for down-sizing existing tenants. Confirmation was given that although voids were let at target rent, we still adhered to the national formula.
5. With reference to choices under the Equalities Impact Assessment, it was pointed out that this could mean people moving out of the borough because there were insufficient smaller properties. However, if they could be re-housed, larger properties would be freed up. The overall strategy was to consider alternative options i.e. promotion of the mutual exchange scheme.
6. It was commented that the Equalities Impact Assessment did not provide financial information i.e. were rents affordable, and what proportion of tenants' incomes were taken up by their rent? It was thought that more analysis should be made since we were committed to assisting tenants with benefit changes, and also how the effectiveness of any assistance would be measured. Confirmation was given that with the two new welfare officers, it would be possible to be more proactive in this area. We were also carrying out a rent assurance project which would take into account the implementation of the benefit changes. At present, the TMO did not have data on residents' income if they were not on housing benefit, and estimates of how many would be affected by the changes was based on existing data. Confirmation was given that we would look at the impact of the rent increases, and also assess the effectiveness of the welfare officers. It was agreed that an update on the draft framework be brought

YB

- back to Board on 21 March for this evaluation.
7. In addition to maximising income for tenants affected by the benefit changes, the new welfare officers would also refer people to specialist debt advice agencies.
  8. It was queried what was being done for tenants who were over-occupying. Confirmation was given that RBKC had a scheme to encourage tenants to move to smaller accommodation, but incentives had to be provided to encourage people to give up their homes. The TMO would be liaising with RBKC on this scheme.
  9. It was suggested that a survey of household size might also be useful in providing information on overcrowding. However, tenants who suffered overcrowding were more proactive in seeking alternative accommodation, and it was difficult to keep this data up to date as occupancy levels fluctuated.
  10. Clarification was given on the fluctuations for the Managed TCC Budgets, which reflected fluctuations in electricity and gas prices over recent years. However residents were paying approximately 40% less than people in private properties because of savings through bulk purchasing.

The Board noted that the TMO's financial position was good following previous cuts in the management fee over a number of years. The HRA was now in a much healthier position with 1% for increased costs, and funding for three new posts. An additional £500k in income was forecast from the work done on parking with RBKC. **The Board noted the recommendations in HRA Rent Report for 2013/14.**

6. Budgets 2013/14

The Board noted that the budgets for 2013/14 had been considered by the Finance, Audit and Risk Committee at their meeting on 13 December. The main variances were listed in para (2), and included the increase in the management fee, and a decrease in the Stable Way travellers' site income which reflected an increase in costs. The Community Alarm Service was forecast to achieve a slight increase in income, and legal costs had gone down substantially reflecting a review of costs carried out this year. People costs would be increasing with three additional posts, and 1% for pay increases, and increases on non-domestic rates for office accommodation. IT costs would also increase because of ongoing maintenance costs for support services.

**The Board agreed the TMO Company Budgets and HRA Managed Budgets for 2013/14.**

7. Grenfell Tower Regeneration Project

Sacha Jevans presented this report, and gave apologies for Mark Anderson, Director of Assets and Regeneration. The Grenfell Tower Regeneration Project was being carried out in conjunction with the RBKC's KALC project framework, which had a series of stages. The Board was being asked to approve the Stage D cost plan for works which were outlined in para 6.2. The tender package for Stage D would be procured through the Leadbitter Group.

Board members asked the following questions:

1. Section 106 for the creation of new dwellings was queried, and confirmation was given that a Section 106 fee would be built into overall costs. The hidden homes' projects were also subject to this fee although all new units would be social housing.
2. It was queried why the transfer of HRA land to the Academy as mentioned in the Key Decision Report had not been reported to the Board. However, the transfer of land/ property was within RBKC's remit, and did not require Board approval. Clarification was given that the land in question was the car parking area.
3. It was queried whether the Leadbitter Group would follow TMO procurement procedures when tendering the different elements of work. Confirmation was given that they would have their own procedures and supply chains which had previously been endorsed by RBKC.

**The Board agreed the following recommendations:**

- 1. The Stage D cost plan as outlined in para 6.2**
- 2. The progression of the tender package procurement through the Leadbitter Group**
- 3. The award of the construction phase contract within the cost parameters outlined in the Stage D report, para 6.2.**

8. Code of Governance review

Angela Bosnjak-Szekeres presented the Code of Governance review which should be carried out every two years in order to take account of any legal and governance changes, and to reflect governance practice within the TMO. The revisions had also taken into account the governance and regulation guidelines published by the National Housing Federation in 2012.

Board members asked the following questions:

1. The section on Board Member expenses was queried, and confirmation was given that the changes to section 2.5 reflected current TMO practice. It was also asked whether

Board Member expenses could be increased, and this could be considered.

2. With reference to section 16, it was queried how the Job Description for the Chief Executive was drawn up, and confirmation was given that the role was defined by delegated powers from the Board. Some of the items which had been listed for the Chief Executive's Job Description were not relevant, and had therefore been removed. However, the Appointments Panel could review the Job Description.
3. It was queried whether additional powers were being given to the Chief Executive and other members of the Executive Team in 1.7. However, the intention of this clause was to give further explanation of the term 'Director'.
4. With reference to para 2.12 on the Board's constitution, it was explained that the term 'social landlord' had been replaced by 'organisation' because the TMO had never been a social landlord.
5. The term 'and others' had been added to the list of skills required by Board members for the eventuality that other skills may be required.
6. It was noted that para 2.6.3 on declarations concerning membership of organisations and conflicts of interest had been expanded due to changes in the law.
7. It was suggested that para 1.5 concerning an enquiry or breach of the constitution should say a report would be made by the Company Secretary to the Chief Executive and the Chair of the Board rather than 'and/or'. However, this allowed for a matter to be reported to one of them if it concerned the other person.
8. With reference to para 6.8 concerning complaints about members of staff, clarification was given that any complaint about the Chief Executive should be made to the Chair who would then raise it with HR.

**The Board agreed the proposed changes to the Code of Governance with two votes against.**

9. Feedback from the committees

The Board noted items discussed and agreed by the Finance, Audit and Risk Committee at the meeting on 13 December. The main items considered had been the ISP Financial Plan, and it had been agreed that it should be presented to the Board with more assurances on the robustness of the plan, and value for money. The draft budgets for 2013/14 had also been agreed for presentation to the Board for approval. Jon Dee had attended his last TMO meeting before retiring as a Board member, and had been thanked for his services to the Board and the Finance, Audit and Risk Committee. **The Board noted the contents of the**



**report.**

10 Any other business

10.1 Swinbrook Residents Association - it was noted that Swinbrook Residents Association had proposed that the profits from the letting of their community rooms be split 50/50 between the residents association and the TMO. The Board noted that a review was due to begin the week commencing 14 January of the process for the letting of community facilities.

YB

10.2 Senior Citizens' New Year party - 18 January - arrangements for the annual New Year's party were noted by the Board

10.3 Clare Lees - thanks were given to Clare Lees, Governance Officer, for the work that she did on behalf of Board members.

11 Date of next meeting

The next Board meeting would be held on Thursday, 21 March 2013, at 6.30 pm.

CEO/JDC  
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## Agenda Item 2



### THE ROYAL BOROUGH OF KENSINGTON & CHELSEA TENANT MANAGEMENT ORGANISATION

#### TMO Board Meeting held on 8<sup>th</sup> January 2013 - Part B

Present: Ms Fay Edwards, Borough wide Board Member (Chair)  
Mr Tony Annis, Borough wide Board Member  
Ms Mary Benjamin, Borough wide Board Member  
Mrs Celine Green, Borough wide Board Member  
Mr Iain Smith, Borough wide Board Member  
Mr Roy Turner, Borough wide Board Member  
Mr Tony Ward, Borough wide Board Member  
Councillor Judith Blakeman, Council appointed Board Member  
Councillor Maighread Condon-Simmonds, Council appointed Board Member  
Mr Jeff Zitron, Council appointed Board Member  
Mr Peter Chapman, Appointed Board Member  
Mr Anthony Preiskel, Appointed Board Member

In attendance: Mr Robert Black, Chief Executive  
Mrs Rupa Bhola, Assistant Director of Financial Services  
Ms Yvonne Birch, Executive Director of People and Performance  
Mrs Angela Bosnjak-Szekeres, Governance Manager and Company Secretary  
Ms Sacha Jevans, Executive Director of Operations  
Mr Andy Marshall, Assistant Director of Partnering  
Mr Anthony Parkes, Executive Director of Financial Services and ICT  
Mr Peter Dunne, Consultant  
Ms Jane Clifton, Executive Office Manager

1. Matters arising from the meeting held on 15 November

1.1 Investment requirements of RBKC Housing Stock: TMO approach - confirmation was given that work was still being done on the mutual model for the housing stock.

Action  
by

RB

## 2. TMO Internal Service Provider (ISP)

This paper was presented jointly by Sacha Jevans and Peter Dunne, and questions were taken after each section:

### **Route taken to reach this stage:**

- Different options for the repairs' service had been considered by the Board in June 2012, and visits had been arranged to other organisations who had established an alternative service to an external contract.
- The Board had agreed to explore the ISP option, and develop the business plan at its meeting on 6 September, and the ISP had then been discussed in detail at the Board away day on 2 November when it had been agreed to hold two workshops on 22 and 29 November
- The ISP financial plan had been considered by the Finance, Audit and Risk Committee on 13 December, which had previously been examined by the external auditors, Baker Tilly.
- The business plan for the ISP was being presented to the Board on 8 January for final approval.

### **Issues arising from the Finance, Audit and Risk Committee**

- At the meeting on 13 December 2012, the committee had requested further details on the robustness of the financial plan, and value for money. The robustness of the financial plan, operational plan, and ICT had all been looked at.
- On value for money, there would be savings on procurement costs for a new contract. The plan to focus on a professional service, and the quality of repairs would also provide value for money as the number of repeat calls, and dissatisfaction would decrease. The schedule of rates would be negotiated with the ISP, although would not cover all areas, and there would be benchmarking against the schedule with other organisations. The ISP would also be paying a recharge of £165k to the TMO for staff time on back office functions.
- Operational robustness was guaranteed by assuming that productivity levels would be below current productivity, plus the number of jobs per day. There would be a transitional period before the launch of the ISP, and an end date would be negotiated with Willmott Dixon, probably for late August, which would give the TMO time to establish the ISP. Initial discussions with Willmott Dixon indicated that they would be happy to work with the TMO, and they had been through a similar transition with another organisation. During the transitional period, staff would be transferred under TUPE,

the ICT systems would be established, and quality and productivity issues addressed.

- A comprehensive specification had been produced to ensure ICT robustness, and two suppliers had been approached. We already had a favoured supplier, and would be purchasing tried and tested off the shelf equipment. The ICT would include PDAs for staff, and the transitional period would allow time for training on this new technology. There would also be electronic tracking of vehicles.

Board members asked the following questions:

1. It was thought that TUPE requirements could disadvantage the ISP as sub-standard work could continue with the employment of existing staff. However, the transitional period would provide the opportunity to find out which staff required performance management. Under the ISP, these staff would be far more visible, and therefore could be held accountable for the quality of work. At the same time, it was not possible to avoid TUPE transfer of staff, but we wanted to change the work culture during the transitional period. A risk register had been drawn up, attached as Appendix 3, which listed the eight main risks including the ICT implementation, and transitional period.
2. It was queried whether the quality control and inspection processes would continue on the TMO's side as this would be important. Confirmation was given that they would continue for the time being, but it was hoped to reach a point when they would not be necessary because of increased confidence in the ISP.

### **ICT strategy**

- The ICT strategy was to purchase an off the shelf solution which would reduce risk, and the favoured supplier had software which was compatible with Academy. The quotation was within the business plan budget. The PDAs had also been selected as suitable for rolling out to other staff.

### **Commercial relationship with TMO**

- The commercial relationship with the TMO would be based on SLAs and the schedule of rates
- We would be working towards establishing the ISP as a subsidiary company owned by the TMO
- A report back to the Board was requested on the commercial relationship, and also what sanctions the TMO would have if these proved necessary.

SJ/PD

## **Timetable for implementation**

- There would be a joint communication with Willmott Dixon to staff about the Board's decision shortly after the Board meeting
- Negotiations would continue with Willmott Dixon
- ICT procurement would be commissioned
- Mobilisation team to be established.

## **Governance arrangements**

- Legal advice had been obtained from Devonshires, and the proposal was for a fully owned subsidiary with a board of five directors.
- The two executive directors on the ISP Board would be Sacha Jevans and Anthony Parkes, and Peter Dunne would become the interim managing director. In addition, there would also be an independent director, and a resident director on the Board.
- The TMO Board would retain overall control, approve the ISP business plan, appoint the directors, and would be able to intervene at any point if there were concerns. Updates on performance and the financial plan would go to the Operations Committee, and Finance, Audit and Risk Committee respectively.
- There would also be an arrangement between the ISP, the TMO and RBKC for reporting performance.
- There was also a proposal for a £700k start up loan for the Board's approval now.

Board members asked the following questions:

1. Concerns were raised about the risk of shadow directorship (para 3.3.2). Clarification was given that Devonshires' advice was that the TMO Board should be advised if they were in danger of overstepping their role and acting as shadow directors. For example although the TMO would agree the business plan, the ISP's role was to decide the contents of the business plan as they would be running the business. It was asked that a further report be brought to the Board on this area, particularly the TMO Board's role if the ISP was failing. Confirmation was given that there would always be some risk, and covenants would be in place to protect the Board. Further clarification on the risk of shadow directorship to be provided.
2. There was concern that there had been no consultation with residents on setting up an ISP. Clarification was given that the decision to set up the ISP rested with the TMO Board, and the Board's remit was to act on behalf of residents.

SJ/AB-S

3. It was asked what would happen to any profits achieved by the ISP, and these would go to the TMO as the sole share holder. It was also asked how transparent its operations would be. The validity of the ISP constitution was also queried, and confirmation was given that it was a standard commercial company constitution, and legal advice had been obtained on this.
4. It was queried how much Devonshires' advice had cost, and confirmation was given that a total of £7.5k had been spent which included all meetings.
5. The TMO clientside was queried since both Sacha Jevans and Anthony Parkes would be ISP directors, and who would be Sacha Jevans' equivalent on the client side.
6. RBKC's role in setting up the ISP was also queried, and confirmation was given that setting up the ISP had been discussed with the Council, including the governance arrangements. The two executive directors sitting on the ISP Board would also be accountable to the Chief Executive. It was also noted that Devonshires had advised that the TMO Board should have access to someone with the relevant technical expertise. Andy Marshall would continue to lead on the TMO clientside, and further details would be worked on.
7. It was suggested that the ISP board be extended to seven rather than five members. However, the ISP board was not intended to replicate the composition of the TMO Board, and increasing the number of directors would not enhance performance as we were aiming for accountability and operational effectiveness. The ISP board's role would be an operational one with the aim of ensuring that the repairs' service was successful.
8. Confirmation was given that the remaining two appointments to the ISP board would be made through the Appointments Panel.

SJ/PD

AB-S

**The Board agreed to set up the ISP subsidiary to carry out maintenance services, and the following recommendations as set out in the report were agreed individually:**

- 1. The establishment of an Internal Service Provider (ISP) was agreed.**
- 2. The Business Plan for the ISP was agreed.**
- 3. The Constitution for the ISP was agreed with two votes against.**
- 4. The appointment of Sacha Jevans, Anthony Parkes and Peter Dunne as Directors for the ISP was agreed with two votes against, and one abstention.**
- 5. The start up loan for the ISP of £700k which would be repaid over the first five years was agreed.**

Thanks were given to the Executive Directors, and also Peter Dunne, Rupa Bhola, Nural Miah, Andy Marshall and other staff for their work on the ISP proposal. It was noted that the decision would remain confidential until a formal announcement was made in a few days' time, which would be discussed with Willmott Dixon.

SJ/PD

CEO/JDC  
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**Agenda item 2**

**Appendix 1 BOARD ACTION RECORD / MATTERS ARISING**

NO.	MEETING DATE	MINUTE NUMBER	ACTION	BY WHOM	BY WHEN	UPDATE
1	8/01/13	4.1	Fire risk assessments for leaseholder entrance doors: no further action to be taken until division of responsibilities between RBKC and the Fire Brigade had been established.	AP	As soon as possible	An update will be given at the Board meeting
2	8/01/13	4.2	Credit Union: payroll savings to be set up from end of January with an aim of being in a position to make loans from end of February 2013.	AP	February/ March 2013	Payroll savings' option to be available to staff over the next two months, and loans would begin to be made in April
3	8/01/13	4.4	RBKC sheltered housing review: updates to be obtained for Board.	SJ/RB	Ongoing	Update contained in CEO's report
4	8/01/13	5.6	Rent report 2013/14: evaluation framework for welfare officers to be brought back to Board.	YB	March 2013	Update to be given to Board
5	8/01/13	10.1	Review of community rooms to be carried out.	YB	January/ February 2013	Update contained in CEO's report
6	8/01/13	1.1 (Part B)	Investment requirements for housing stock: mutual model to be brought back to the Board.	RB	By 21/03/13	Update to be given to Board
7	8/01/13	2	ISP: report back to Board on the commercial relationship between TMO and ISP, risk of shadow directorship, and the TMO clientside.	SJ/PD/AB-S	For May/ July Boards	This will be on the agendas of the May/July Board meetings.

## Agenda Item 3

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

<b>Open</b>
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<b>For information</b>
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<b>TMO Board 21<sup>st</sup> March 2013</b>
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<b>Report title:</b>	<b>Chief Executive's update report</b>
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<b>Authority for decision:</b>	<b>The Board has ultimate responsibility for monitoring the performance of the organisation.</b>
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<b>Recommendations:</b>	<b>For information</b>
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<b>Regulatory/legal requirements:</b>	<b>None</b>
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<b>Business Plan link:</b>	<b>Keeping abreast of performance initiatives within the organisation, and external developments affecting social housing.</b>
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<b>Equality Impact Assessment/comment:</b>	<b>Equality and diversity issues are taken into consideration.</b>
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<b>Resident consultation:</b>	<b>Ongoing</b>
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<b>Resource implications/VFM statement:</b>	<b>Keeping up to date on the latest developments in social housing is important for shaping the business. Improved performance within the organisation will help the TMO to achieve its VFM objectives.</b>
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<b>Risk:</b>	Failure to engage with the external housing sector could have an adverse effect on the TMO in keeping abreast of developments within the sector. There is also reputational risk if performance fails to improve across the TMO.
<b>Appendices:</b>	0
<b>Total number of pages including appendices:</b>	9
<b>Name, position and contact details of author:</b>	Robert Black, Chief Executive [REDACTED]

## Chief Executive's Report

### 1.0 Your Credit Union (YCU) update

The Credit Union has achieved a number of milestones and is on course to commence making loans in April. The major milestones include:

- £248,000 deposits raised from Founder Members
- Payroll Savings successfully tested with Women's Pioneer Housing, and to be rolled out to RBKC, the TMO and others in the next two months
- Software installation proceeding
- On-line membership application and saving tested and to commence at the end of March
- Two full-time employees commenced on 18<sup>th</sup> March, and are working from the 2<sup>nd</sup> floor at 346 Kensington High Street.

The Credit Union will be marketing its services to staff and residents as they become available.

### 2.0 Older People's Housing

An update on this Council initiative was reported to the Housing and Property Scrutiny Committee on 14<sup>th</sup> March. In January 2013 the Cabinet granted approval to consult on the Modernising Older People's Housing and Accommodation with Care Services Strategy that has been jointly produced by the Council's Housing, and Adult Social Care departments. The strategy outlines the Council's proposals to improve the quality, quantity and tenure mix of older people's housing and accommodation with care in the borough to deliver better outcomes for older people, and savings in the costs of delivering care.

A 12 week public consultation began on 18<sup>th</sup> February, and will end on 10<sup>th</sup> May. The outcomes of the consultation will be reported back to Cabinet in June 2013.

The RBKC Housing Department is continuing to explore opportunities to improve the offer of housing for older people in the borough. PEP Architects have been appointed to carry out feasibility studies on a number of Council-owned sites that will indicate the potential for improvement, and also business appraisals that will identify funding and delivery options. The feasibility studies will inform an options appraisal and proposed delivery plan that will be reported to the Housing and Property Scrutiny Committee and TMO Board in due course.

### **3.0 Edenham Way: requirement for affordable housing and wider regeneration.**

The Housing and Property Scrutiny Committee are considering a report on the development of the Edenham Way site at their meeting on 14<sup>th</sup> March. The site comprises both HRA and General Fund (GF) land, and it is proposed to consider a joint development of both sites, although there are differing statutory obligations and policy directives for HRA and GF assets. In May 2012, it was agreed that the Planning Department would produce a Supplementary Planning Document (SPD) for the site and the neighbouring Golborne Road area which would set the parameters for the redevelopment of the Edenham/ Trellick site.

Because this site includes Trellick Tower which is Grade 2\* listed, an architectural study has been commissioned to inform the SPD. The process will inform the development potential of the site, and the regeneration of the area. Besides being a significant financial liability, Trellick Tower is also a potential financial asset as units could either be sold or let at market rents which would provide an income stream for the major works required to the block.

The study has involved extensive consultation with residents and local stakeholders.

In order to progress the development of the site, a decision is required on the level of affordable housing on the site. The HRA portion of any capital receipt could contribute towards funding affordable housing in other parts of the borough, or the backlog maintenance at Trellick Tower. There has been no formal consultation on housing tenure, and the mix for the site. Site appraisals have been commissioned by Corporate Property to look at the options for market rents and affordable housing. Key planning priorities for the area are:

- Keeping life local (social and community improvements)
- Fostering vitality (commercial and other initiatives)
- Diversity of housing

As Trellick Tower requires substantial capital investment, the option being explored is to develop new affordable units on the Edenham Way site, and ring-fence them for transfers from Trellick Tower. The Trellick Tower vacancies will then be sold or rented as private sector rentals to fund the necessary investment. A detailed report on this issue will be presented to the Cabinet. In the meantime, the recommendation to Scrutiny Committee on 14<sup>th</sup> March is for 50% market sales, and 50% affordable which would comprise 30% affordable rents, and 70% intermediate homes, which would be either shared ownership or Homebuy, or a mixture of the two.

## 4.0 Community centre review

A review will be carried out of the management arrangements for estate based community centres by the TMO starting in April 2013. Currently there are 18 community centres, which have differing management arrangements involving the TMO, the resident associations, and in two cases full-time community room users. Availability and usage also vary considerably together with current hire charges. The informal, ad-hoc nature of current arrangements creates operational problems i.e. inconsistencies in maintenance and cleaning, responsibility for insurance, probity on cash-handling, and management of keys.

These operational issues reflect the gradual loss of the original strategic vision around the purpose, viability and role of these assets. These facilities were originally envisaged for the use of closely-knit communities, which were linked to strong resident groups, and maintained by residential caretakers. However, this model is no longer viable, since residents associations have weakened, and most estates no longer have residential caretakers.

It now might be better to seek to develop them as social enterprise hubs serving a broader community than the local estate. If lettings were increased, the resulting income could be used to maintain the buildings to a higher standard, and subsidise other social activities. It is recognised that such an approach would risk incurring resident dissatisfaction as it would centralise control, and perhaps reduce availability for resident groups.

The aim of the review will be to address both operational and strategic issues, and establish clear management and maintenance protocols, including guidelines for renting the rooms to resident groups, voluntary organisations and commercial initiatives. It will be carried out in three phases:

- Phase 1 - Scoping (April - June): consultation with residents, user groups and other stakeholders in order to establish consensus around a common vision for the community centres.
- Phase 2 - Definition and Design (July – September): draw up specific proposals for each centre with a lettings strategy and management plan to be agreed with the resident association,
- Phase 3 - Implementation (October – March 2014): implement management plans, market lettings, and award leases.

## 5.0 Tenancy Policy

The Tenancy Policy will govern how RBKC will issue new tenancies for the homes that they own, which the TMO manage. The principles for the Tenancy Policy were presented to the Scrutiny Committee on 12 July and 12 September 2012, and introduce significant changes to the

way in which social housing is let. The draft policy was presented to Leader's Group on 28 February 2013, and will be presented to Cabinet on 21<sup>st</sup> March for agreement to proceed with public consultation.

The background to the proposed changes is the Localism Act which introduced the option for social landlords to use fixed term social tenancies. This is a change from the existing secure and assured tenancies which last for the life of the tenant unless they end the tenancy or breach the terms of the tenancy. RBKC as a landlord intends to use fixed term tenancies, and the Tenancy Policy will set out how these tenancies will be issued, managed, reviewed and re-issued.

The Localism Act states that the term of the tenancy has to be at least five years, although two year tenancies can be offered in some circumstances. RBKC is adopting this approach, but a key principle will be to provide stability to households which need it, particularly vulnerable households.

The use of flexible tenancies will provide an opportunity to make best use of the stock, and provide an opportunity for those in unsuitable housing to move i.e. if it is too large. The policy sets out circumstances under which the tenancy will not be reissued, which are related to income and savings thresholds, as well as an assessment of the tenant's conduct and behaviour.

The change from lifetime tenancies to fixed term tenancies will have an impact on tenancy and housing management, and also on the expectations of those accessing Council housing. New procedures and a new tenancy agreement have been drafted to support the changes proposed by this policy.

Tenants prior to 1 April 2012 are protected under the Localism Act 2011, which means their security of tenure cannot be removed unless they choose to move to a housing association property. However, if they transfer to another TMO property, they will receive another lifetime tenancy rather than a fixed term tenancy. The Tenancy Policy proposes that any tenants who have signed a lifetime tenancy before the start date of the policy are protected from the changes. This is to prevent legal challenge from any tenants who have signed their tenancy agreement since 1 April 2012 and were not told that if they moved they could lose their lifetime tenancy.

## **6.0 'Get on Board - Map out Your Future (Employment and Training) Roadshows'**

The TMO has partnered with a number of local agencies and businesses offering training advice and support, job seeking and CV writing tips, as well as employment and volunteering opportunities to help our residents secure employment. We are holding a series of 'Get on Board - Map out Your Future (Employment & Training)



Roadshows' to help our residents find the best employment, training and volunteering opportunities including advice on starting your own business. Information on local youth projects and initiatives will also be available for our young residents.

Advisers at the Roadshows will provide information, advice and guidance on filling in application forms, writing their CV, interview techniques, volunteering into work opportunities, work experience and apprenticeship opportunities. Residents will also be able to sign up to various qualification and accredited training courses, i.e. National Vocational Qualifications (NVQs).

Welfare benefits and money saving advisers will also be attending to provide confidential information and advice to residents, as well as representatives from the TMO's Home Ownership, Rents and Neighbourhood Management teams.

Four Roadshow events are being planned, two in the North and two in the South of the borough. The first Roadshow will be held on:

**Saturday 20 April 2013 at the Earls Court Health and Wellbeing Centre, 2b Hogarth Road, Earl's Court, London, SW5 0PT (opposite Earl's Court Tube Station).**

The three remaining Roadshows are scheduled for Thursday 11 July 2013 at Henry Dickens Estate Community Centre (St Anne's Road, London W11 4DS), Thursday 17 October 2013, and Saturday 22 February 2014.

The local agencies and businesses confirming their attendance at the Roadshows are: the Volunteer Centre for Kensington and Chelsea (VCKC), Portobello Business Centre (PBC), Kensington and Chelsea College (KCC), Clement James Centre, Catalyst Gateway, RBKC Connexions, Earls Court Health and Well Being Centre, Nova New Opportunities, Youth Service, Open Age, and Nucleus Legal Advice Centre.

Refreshments will be available at all Roadshow events. There will also be a 'Fun Zone' area for children between the ages of 5 and 11 years.

## **7.0 Commercial leasing of Holmefield House and Walnut Tree House Garages**

On 21<sup>st</sup> March 2013, Cabinet will be asked to approve the commercial leasing of under-utilised garage areas at Holmefield House, and Walnut Tree House to Fortbox Limited for use as self-storage.

The rent will be £175,000 pa for 35,000 sq ft at Holmefield House, and £138,000 pa for 23,000 sq ft at Walnut Tree House, both on a 25 year lease term without tenant break clauses. Taking into account an initial

rent-free period, this represents a total new HRA income of £7.5m generated from previously derelict areas.

Fortbox are a specialist self-storage company who currently operate a similar site in a converted former garage below a residential block of flats in St Johns Wood.

The Holmefield House basement has not been used for residents' parking since the 1970s, and in recent years has been used only for storage by carnival bands and the TMO. As part of this project, new storage areas will be created in Holmefield House for the carnival bands, whilst the TMO stores will be relocated elsewhere.

The Walnut Tree House garage is currently laid out for residents' parking but has never been fully occupied for this purpose, with only 8 current lettings to residents. Under the terms of the lease, 20 parking bays will be retained within the garage, sufficient to meet all historic and envisaged future demand for residents' parking.

Proposals to lease these sites arose from the TMO's Parking Review project, which commenced in September 2011 with the aim of increasing HRA income and improving resident services on all estate parking areas.

Having identified the potential to generate commercial income from Holmefield House and Walnut Tree House garges, the TMO appraised options for change of use, consulted residents on both estates, identified potential operators and liaised with Transport and Highways to address transport planning issues, prior to presenting Key Decision Reports to the Cabinet Member in summer 2012. Both sites were then offered to the market in December 2012.

The TMO has developed a pipeline of commercial opportunities for the conversion of similar under-utilised parking areas across the stock. In order to bring these forward, we have been awarded additional funding by RBKC for a new Assistant Project Manager position in 2013/14.

## **8.0 Savills' project on Asset Management**

Savills were commissioned to carry out two pieces of work: RBKC appointed them to carry out a study on Investment in our Housing Stock, and they have also done an asset performance evaluation for the TMO. A presentation Savills' work will be arranged for Board members in April.

## **9.0 Grenfell Tower**

The Grenfell Tower project has been delayed due to a difference between the Appleyard Consultants' cost plan (as set out in the January Board report), and the principal contractor, Leadbitters' costs.

Work is now being undertaken through further value engineering to try and bring the costs back within the budget. The planning application has been withheld until it is understood whether the proposed design can be delivered within the budget. A deadline for the end of March has been given to the consultant and contractor.

## **10.0 Hidden Homes**

Planning permission for both Holmefield House and Greaves Tower has now been given, and the building works successfully tendered. The work for Holmefield is a 30 week contract due to start on site in the first week of April, and will provide 3 x 3 bed homes. Greaves Tower is a 26 week contract, also starting on site in the first week of April, and will provide a 1 x 2 bed home, and 2 x 3 bed homes. Full resident consultation has been undertaken.

# Agenda Item 5

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

TMO BOARD — 21<sup>st</sup> MARCH 2013

### CONTRACT FOR ANNUAL PLANNED MAINTENANCE AND RESPONSE REPAIRS TO HEATING AND HOT WATER SYSTEMS, VENTILATION PLANTS, SEWAGE, STORM WATER AND BOOSTER PUMPS

### RECOMMENDATION TO COMMENCE LEASEHOLDER CONSULTATION WITH THE PREFERRED BIDDER

#### **1 PURPOSE**

- 1.1 This report recommends that consultation commences with leaseholders regarding the appointment of the preferred bidder to the contract for the annual planned maintenance and response repairs to the heating hot water systems, ventilation plants, sewage, storm water and booster pumps at various locations throughout the housing stock (“the Central Plant Contract”).
- 1.2 Financial provision for the provision of these services is contained in the Revenue budget.
- 1.3 The Board is recommended to approve the appointment of the preferred contractor, Cofely District Energy Ltd to the Central Plant Contract in the sum of £517,171 per annum for the planned maintenance works subject to the successful completion of the leaseholder consultation exercise.

**FOR DECISION**

#### **2 BACKGROUND**

- 2.1 The provision of the planned and responsive repair services to the heating hot water systems, ventilation plants, sewage, storm water and booster pumps is currently divided into two contracts in the North and South of the borough. These contracts need renewal.
- 2.2 In order to gain economies of scale and improve the efficient management of the works it is proposed to award the contract to one contractor to serve the whole borough.
- 2.3 It has been recognised that improvements need to be made in the management of the contract. The new contract sets out the minimum standards required in relation to information technology and KCTMO’s aspirations for the future in terms of information technology, performance management and continuous improvement.

- 2.4 The new contract is for an enhanced level of service. This includes:
- The requirement for the contractor to have a manager based at the offices of KCTMO to improve communication and increase efficiency
  - Reduced response times
  - Additional performance management requirements
  - Improved information technology to enable asset management data to be updated automatically and increase visibility of performance data and work flow.

### **3 PROCUREMENT STRATEGY**

- 3.1 In October 2011 a notice was placed in the Official Journal of the European Union inviting expressions of interest for the delivery of the Central Plant Contract.
- 3.2 A number of contractors responded to this notice and were invited to complete a Pre-Qualification Questionnaire to provide details of their past experience, financial position and health and safety and environmental performance.
- 3.3 The responses to the Pre-Qualification Questionnaire were assessed and six contractors were invited to tender, namely:

BTU Installation and Maintenance Limited  
CBS Maintenance Services Limited  
Cofely District Energy Limited  
Mitie Limited  
T Brown Limited  
S & F Services Limited

- 3.4 The proposed contract is for a term of 5 years with the option to extend for a further period of two years.
- 3.5 There are approximately 1,200 leaseholders who benefit from the services of the Central Plant Contract and therefore there needs to be clear and precise costing of the plant maintenance works.

### **4 THE TENDER PROCESS**

- 4.1 In November 2012 an invitation to tender was sent to the six contractors selected following the PQQ process.
- 4.2 In November 2012 CBS Maintenance Services withdrew from the revised tender process.

- 4.3 A Contractors Information Event was held on the 10th December 2012 to explain the revised invitation to tender documentation. This was attended by the five remaining contractors.
- 4.4 In accordance with the OJEU Notice the Invitation to Tender stated that the tenders would be evaluated on the basis of 50% quality and 50% commercial. The quality element of the evaluation was based entirely on the responses to the Tender Questions.
- 4.5 The breakdown of the weightings for both commercial and quality submissions is as follows:

<b>Commercial submission</b>		
Planned maintenance cost schedules	30%	
Schedule of rates	10%	
Daywork rates	5%	
Mark up on day work rates	2.5%	
Indicative maintenance cost schedule	2.5%	
	<b>Total</b>	<b>50%</b>
<b>Quality submission</b>		
1 Process to prioritise works	10%	
2(a) Continuous improvement	3.75%	
2(b) Benefits to the Employer	3.75%	
3(a) Mobilisation period	3.5%	
3(b) Training during the mobilisation period	2%	
3(c) Staff retention	2%	
4(a) Understanding whole life costing	2.5%	
4(b) Benefits to the Employer	5%	
5(a) Current IT	2.5%	
5(b) IT proposals for this Contract	2.5%	
5(c) How to introduce IT for this Contract	2.5%	
6(a) Development of the performance management system	2.5%	
6(b) Delivering service improvements	5%	
7. Statement of organisation and resources	2.5%	
	<b>Total</b>	<b>50%</b>
		<b>100%</b>

- 4.6 On the 21st January 2013 tenders were received from;
- BTU Installation and Maintenance Limited  
Cofely District Energy Limited  
Mitie Limited  
T Brown Limited  
S & F Services Limited
- 4.7 On review it has been highlighted that one of the contactors, T Brown Limited has submitted an abnormally low tender.



- 4.8 The tender documentation specifically states that KCTMO has the option to exclude a contractor that submits an unsustainable price.
- 4.9 The tender as submitted by T Brown for the planned element of the works is significantly less than the amount currently paid for planned maintenance (approximately £550k) and significantly less than the amount submitted by the other contractors as shown in the table below. Analysis confirms that the planned maintenance services as required in the specification cannot be provided for the sum offered by T Brown Limited.

	Price submitted in respect of planned maintenance works
BTU	£789,873.85
Cofely	£517,171.00
Mitie	£687,010.00
S & F	£576,635.00
T Brown	£181,674.15

- 4.10 In view of the above it has been decided to exclude T Brown Limited from the evaluation process and not to consider their tender further.
- 4.11 The commercial evaluation has managed by Pellings LLP. The quality evaluation has been managed in-house. The two limbs of the evaluation have been managed independently and there were no discussion or meetings between the quality and commercial evaluation teams until the quality evaluation was concluded. The scores for the commercial evaluation are as set out in the table below:

		S&F		Cofely		Mitie		BTU	
	Available Score								
Planned maintenance	30	£ 576,635.00	26.90	£ 517,171.00	30	£ 687,010.00	22.68	£ 769,873.85	20.15
Percentage adjustment SoR's	10	£ 920,000.00	10	£ 1,000,000.00	9.2	£ 1,000,000.00	9.2	£ 1,002,500.00	9.17
Total of day work rates	5	£ 565.00	4.62	£ 625.98	4.17	£ 568.50	4.59	£ 523.00	5
Percentage uplift on day rate	2.5	12%	2.5	15%	2	15%	2	15%	2
Sec 7 Indicative cost schedule	2.5	£ 57,255.00	0.28	£ 53,296.00	0.30	£ 33,920.27	0.48	£ 6,547.32	2.5
		£ 1,554,455.00		£ 1,571,092.98		£ 1,721,498.77		£ 1,779,444.17	
Total score out of 50	50		44.30		45.67		38.95		38.82

- 4.12 Prior to commencing the evaluation of the quality aspects of the tender all members of the Evaluation Team were provided with a copy of the Instructions to Tenderers and Evaluation Criteria. A meeting was held with the quality Evaluation Team on the 15th January 2013 to emphasize the importance of evaluating the information in a fair and transparent way.
- 4.13 A Quality Evaluation Team comprising KCTMO officers and a resident representative met to review and evaluate the contractors' quality submissions. Each member of the Evaluation Team was provided with the quality responses



provided by the all tenderers. Each response was formally evaluated by two separate evaluators.

- 4.14 A formal meeting of the quality Evaluation Team was held on the 12th February 2013. At this the responses from all the tenderers were reviewed and the allocated evaluators commented in detail on the responses they were specifically tasked to review. Following discussion an average score was allocated to each response. A summary of the scores awarded is set out in the table below.

Question	Weighting	BTU		Cofely		Mitie		S & F	
		Score / 10	Weighted score	Score / 10	Weighted score	Score / 10	Weighted score	Score / 10	Weighted score
1 Skills in prioritisation of Works	10%	6	6	6	6	4	4	2	2
2 (a) Ideas for Continuous improvement	3.75%	4	1.5	2	0.75	4	1.5	2	0.75
2 (b) Continuous improvement	3.75%	2	0.75	4	1.5	2	0.75	2	0.75
3 (a) Staff development	3.50%	4	1.4	2	0.7	0	0	0	0
3 (b) Induction of new staff	2%	2	0.4	4	0.8	6	1.2	6	1.2
3 (c) Retention of trained staff	2.00%	6	1.2	4	0.8	4	0.8	2	0.4
4 (a) Whole life costing – understanding	2.50%	8	2	6	1.5	4	1	4	1
4 (b) Whole life costing - application	5%	8	4	6	3	4	2	2	1
5 (a) Existing IT systems	2.50%	2	0.5	6	1.5	8	2	4	1
5 (b) Ideas for IT	2.50%	0	0	6	1.5	4	1	0	0
5 c Implementation of IT	2.50%	2	0.5	0	0	2	0.5	2	0.5
6 (a) KPIs - ideas	2.50%	4	1	2	0.5	2	0.5	2	0.5
6 (b) KPIs - implementation	5.00%	4	2	2	1	4	2	2	1
7 Organisation and resources	2.50%	2	0.5	2	0.5	4	1	2	0.5
		Total <b>21.75</b>		Total <b>20.05</b>		Total <b>18.25</b>		Total <b>10.6</b>	

- 4.15 The overall results (combining the quality and commercial scores) of the evaluation process are as follows:

	Quality	Cost	Overall
BTU	21.75	38.2	60.57%
Cofely	20.05	45.67	65.72%
Mitie	18.25	38.95	57.2%
S & F	10.6	44.30	54.90%

- 4.20 As a result of the above evaluation process the preferred contractor is Cofely District Energy Limited.
- 4.21 Cofely District Energy Limited is the incumbent contractor in the North of the borough and, whilst it is stressed that this has NOT been taken into account in the evaluation process, it is worth noting that they are currently providing an efficient service.

## 5 PROGRAMME

- 5.1 Following approval by the Board it is proposed to commence consultation with the leaseholders.
- 5.2 Subsequent to the leaseholder consultation, and dependent on the outcome of this process, the preferred contractor will be appointed and the unsuccessful contractors notified. A one month mobilisation period is recommended in order to establish

necessary information technology systems, enable the contractor to secure the necessary resources and to manage the transfer of any employees under the Transfer of Undertaking Protection of Employees (TUPE) Regulations.

- 5.3 After making allowance for the above time periods it is anticipated that the new contract arrangements will be in place in summer 2013 enabling the new contractor to become familiar with the assets and embed systems prior to the winter period.

## **6. RESIDENT CONSULTATION**

- 6.1 Subject to approval it is proposed to commence statutory consultation with the leaseholders immediately.
- 6.2 Prior to mobilisation consultation will commence with the tenants so that they are aware of the proposed changes and can influence the development of performance management and continuous improvements initiatives.

## **7 CONCLUSION AND RECOMMENDATION**

- 7.1 A detailed and thorough EU and KCTMO compliant tender process has been applied to this project procurement.
- 7.2 The Board is recommended to approve the appointment of the preferred contractor to the Central Plant Contract in the sum of £517,171 per annum for the planned maintenance works subject to the successful completion of the leaseholder consultation exercise.

Report written by:

**Peter Maddison**  
**Director of Assets and Regeneration**  
**Assets, Investment & Engineering**

Report approved by:

**Sacha Jevans**  
**Executive Director of Operations**

## Agenda Item 6

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

<b>Open</b>	
<b>For decision</b>	
<b>Board 21<sup>st</sup> March 2013</b>	
<b>Report title:</b>	Resident Board Member Elections 2013 and Capacity Building Training
<b>Authority for decision:</b>	The election of Resident Board Members and their appointment to the TMO Board falls within the remit of the Board and is carried out in accordance with Articles 15.4, 15.5, 15.9, 15.10, 16 and 17 of the TMO's Constitution and the Election Rules.
<b>Recommendations:</b>	<p>The Board is asked to:</p> <ul style="list-style-type: none"> <li>• Note the names of the retiring Resident Board Members.</li> <li>• Note and agree the 2013 election dates.</li> <li>• Note the changes to the Election Rules in line with the constitutional changes.</li> <li>• Note the appointment of UK-Engage as a Returning Officer for the 2013 Elections.</li> <li>• Note the process for the Resident Capacity Building Training.</li> </ul>
<b>Regulatory/legal requirements:</b>	The Board is bound by the Constitution and the Company's governance procedures and its own decisions.
<b>Business Plan link:</b>	Developing organisational competence through enhanced governance
<b>Equality Impact Assessment/comment:</b>	None identified.

<b>Resident consultation:</b>	None required on the contents of this report.
<b>Resource implications/VFM statement:</b>	The budget for the 2013 Board elections is already approved within the current year's budget.
<b>Risk:</b>	Failure to adhere to the Constitution could result in challenge from the Regulator and Members and the Board not following its own procedures.
<b>Appendices:</b>	None
<b>Total number of pages including appendices:</b>	
<b>Name, position and contact details of author:</b>	Angela Bosnjak-Szekeres, Company Secretary and Governance Manager, abosnjakszekeres@kctmo.org.uk [REDACTED]

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

**TMO Board – 29<sup>th</sup> March 2012**

**RESIDENT BOARD MEMBER ELECTIONS 2013 AND CAPACITY BUILDING**  
**TRAINING**

**REPORT BY COMPANY SECRETARY & GOVERNANCE MANAGER**

**1.0 Purpose**

The Board is asked to -

- Note the names of the retiring Resident Board Members (section 3.2 of the report).
- Note and agree the 2013 election dates (section 5.1 of the report).
- Note the changes to the election rules in line with the constitutional changes.
- Note the appointment of UK-Engage as the Returning Officer for the 2013 Election
- Note the progress of the Resident Capacity Building Programme

**2.0 Introduction**

2.1 The election of Resident Board Members is carried out in accordance with Articles 15.4, 15.5, 15.9, 15.10, 16 and 17 of the TMO's Constitution.

2.2 Last year the Board recommended changes to section 16.2, 17.2 and 19.3 of the Constitution. These recommendations were agreed by the members at the Annual General Meeting (AGM), 15<sup>th</sup> September 2012.

**3.0 Retirement of Resident Board Members**

3.1 Section 16.2 of the Constitution prescribes the retirement process for Resident Board Members. All Resident Board members retire from the Board after serving 3 years. The retiring Resident Board member is eligible to stand for re-election, unless they have served 9 calendar years on the Board (Article 15.9).

3.2 This year Resident Board Member Tony Ward (first appointed December 2008) will retire from the Board after 5 years of serving, as he is moving out of the borough. Fay Edwards, Roy Turner and Celine Green (all appointed for the first time in February 2010) will retire under the retirement rule prescribed in section 16.2 as the longest Member in

the office since their appointment. They are all entitled to stand for re-election, as they have not served more than 9 calendar years.

#### **4.0 Election Rules**

- 4.1 The Election Rules have been amended to include the changes to the constitution agreed at the 2012 AGM.
- 4.2 In December 2012 a non-departmental public body called the Disclosure and Barring Service replaced the Criminal Records Bureau (CRB). In the past all applicants were required to consent to a CRB check. Applicants might now be asked to consent to a DBS check, but it is expected that there will be legislative changes in 2013/14 in this area. The Board will be kept updated about these changes.

#### **5.0 Election 2013 dates and Voting Process**

5.1 The recommended dates for the Election 2013 are as follows -

Monday 15 April	Information about capacity building to be sent to members
Monday 29 April	Formal Notice of Election – nomination packs available
Tuesday 30 April	Resident Capacity Building starts
Thursday 30 May	Resident Capacity Building ends
Wednesday 5 June – Board Room 346 Kensington High Street	Statement writing workshop and video election statements recording Session 1
Thursday 6 June – Portobello 1 and 2, Hub 292a Kensal Road	Statement writing workshop and video election statements recording Session 2
Monday 10 June (Noon)	Nominations close
Monday 24 June	Ballot packs sent to members
Monday 22 July (5.00pm)	Voting closes
Tuesday 23 July	Results announced

The Board is asked to approve the Election timetable.

#### **5.2 Electronic Voting**

- 1.1.1 At the 2012 AGM the Members agreed to change the wording of section 17.2 of the Constitution to include voting by electronic means. Electronic means is defined in the Constitution as any “processing, storage and transmission of data by electronic method” and the Companies Act 2006 has expanded its definition

of electronic communication to include text messages, compact or data disks, radio transmissions or any other communication that requires electronic equipment to receive information. Schedule 4 and Schedule 5 of the Companies Act 2006 sets out provisions for sending information electronically to a company and by a company, respectively.

- 1.1.2 Following the approval of the introduction of electronic voting for resident board elections at the 2012 AGM and the success of internet voting for the AGM itself at which participation increased by 100% compared with 2011, internet and text message voting will be available for the 2013 Elections. Members will receive a ballot pack by post in the normal way but will be able to respond by post, SMS text message or via the Internet.

## 1.2 *Nomination Pack and Improved Format for Election Statements*

- 1.2.1 The nomination pack will be redesigned to make it more user friendly and easier to complete for potential candidates. In response to feedback from members about candidates' election statements, improvements to the format will be introduced to make it easier for members to compare candidates. This will include structured questions about each candidate's motivation for seeking election and the experience and skills that they could bring to the role.

## 1.3 *Increased Information Online*

- 1.3.1 As members will be able to vote online, all the information about candidates will be accessible in a secure environment online including candidates' photographs, written election statements and a new format video election statement. Members will be able to view any of this material online and cast their vote immediately if they wish.

## 1.4 *New Format Video Election Statements*

- 1.4.1 Following the introduction of video election statements last year (that resulted in more than 1,500 unique views) the format will be adapted to reflect changes to the written election statements. Rather than simply speaking to camera, candidates will be asked questions to give the videos a more interactive feel. This process will replace the traditional hustings as turnout at previous hustings has been very low and some candidates have been unwilling to be involved.

## 1.5 *Participation Incentives*

- 1.5.1 UK-Engage will sponsor four prizes of £50 each for members who vote in the election. These will be drawn at random but to encourage participation using different voting channels at least



one prize will go to a member using postal voting, one to a member voting via internet and one to a member voting by text message.

## **2.0 Returning Officer**

- 2.1 The Board decided in 2007 that elections should be outsourced to an independent third party. Following successful cooperation with UK-Engage in 2012 Elections and AGM, UK-Engage have been appointed as a Returning Officer for the 2013 Elections. The Board is asked to note the appointment.

## **3.0 Resident Capacity Building Training**

- 3.1 Following the Board's decision in July 2011 and the success of last year's programme, a pre-election training has been set up for residents. The training is about improving personal skills including building confidence, communication, listening and team work. The training also covers learning about what the Company does and why it exists. Attendees are also learning about effective meetings and using information to make decisions. Several sessions are dedicated to residents learning and understanding the duties of Board members.

**Angela Bosnjak-Szekeres**  
**Company Secretary and Governance Manager**

## Agenda Item 7

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

TMO BOARD  
21<sup>ST</sup> MARCH 2013

#### ISP PROGRESS UPDATE AND REPAIRS CONTRACT EXTENSION

#### REPORT BY EXECUTIVE DIRECTOR OF OPERATIONS

##### **1. Purpose**

1.1 The Board agreed in May 2012 to appoint Willmott Dixon as an interim repairs provider for a period of 11 months with the possibility of a 6 months extension. The 11 months contract is ending on the 26 May 2013 and the Board is asked to agree an extension of the contract until the end of August 2013.

1.2 The Board is asked to note the ISP progress report.

**DECISION**

##### **2 Extension of Willmott Dixon Contract**

2.1.1 Following service of a no fault break notice on the 28<sup>th</sup> March 2012 by Morrison to bring the contract with the TMO to an end at six months notice, the Board agreed to form a Repairs Working Group. The working group oversaw the commissioning and implementation of the interim arrangements and was involved in options for the long term future of the repairs service.

2.1.2 Following appropriate submissions, due diligence checks and references being taken up, the Board Working Group recommended to appoint Willmott Dixon as the interim repairs contractor for a period of 11 months with the possibility of a 6 months extension at the end of the first period.

2.1.3 Willmott Dixon started delivering the repairs service on the 26<sup>th</sup> of June 2012. The 11 months period ends on the 26<sup>th</sup> of May 2013. It was agreed to start delivering repairs services via the ISP from September, so the Board is asked to agree an extension of the interim repairs contract until the end of August 2013. This will give us sufficient time to set up the repairs operations and mobilise.

##### **3 ISP Progress Report**

3.1 Significant progress has been made since the full approval given by the Board on 8<sup>th</sup> January 2013. The report provides information on the main areas of progress.

### **3.2 New Business Establishment**

- 3.2.1 The new business has been registered with Companies House with three directors Peter Dunne, Anthony Parkes and Sacha Jevans. Peter Dunne has been appointed as the Interim Managing Director of the new business. A financial accounting system has been put in place and budgetary reporting has already commenced, initially focussed on the start-up costs of the new business.
- 3.2.2 A name has been chosen for the ISP "Kensington & Chelsea TMO Repairs Direct LTD" and a logo is being developed.

### **3.3 ICT Systems**

- 3.3.1 A contractor package, dynamic scheduling software and software to deliver mobile working has been purchased and is already installed and being tested on our systems. We are also investigating texting options to enable us to introduce interactive texting which will keep residents fully informed about their repairs and also give them an opportunity to provide their views on the service on completion. We have also evaluated vehicle tracking systems.

### **3.4 Procurement**

- 3.4.1 Significant progress has been made on materials and fleet procurement. We will be going out to mini tender for potential suppliers of materials by the end of March 2013. Fleet is likely to be procured under the arrangements already in place for the Royal Borough of Kensington and Chelsea. Specifications for vehicles have been drawn up and quotations received.

### **3.5 Staff Involvement**

- 3.5.1 After an initial briefing for all staff in January several additional staff briefings have followed tailored to specific staff groups e.g. surveyors and customer service advisors. Further email and face to face briefings are planned during the coming weeks and months.
- 3.5.2 The Project Group has been expanded to include the new Assistant Director of Human Resources (HR) and Organisational Development (Fay Johnstone) and she has begun to engage with the HR and Transfer of Undertaking Protection of Employment Regulation (TUPE) issues which will be a key part of the development of our new business.
- 3.5.3 A number of working groups are being established to ensure that the launch of the new business is fully supported by technical expertise from the TMO (e.g. health and safety).

### **3.6 Willmott Dixon (WDP)**

- 3.6.1 A weekly performance meeting is being held with WDP to ensure that the improving performance trends established since they took on the temporary

contract are maintained all the way to the launch of the new business. It is important to send the message to potential staff that we are focused on achieving excellent service for our residents. We have also been asking WDP for more information on their use of mobile technology to encourage the use of these systems which will form a key part of our operational delivery within the new business.

- 3.6.2 We have held a first demobilisation meeting with WDP and they have been given a strong indication that it is our intention (subject to Board approval) to extend their existing contract to the end of August 2013. The full demobilisation plan is broadly agreed and will commence 12 weeks from the end of the contract.

### **3.7 Communications Strategy**

- 3.7.1 A full communications plan has been agreed for the launch the new business and beyond. Letters have been sent to residents informing them about the decision to form an internal service provider and individual enquires arising from this letter have been responded to. It is our intention to continue to communicate with residents and to involve them in the development of the business at every available opportunity.
- 3.7.2 There have been presentations to staff as described above and further bulletins and presentations are planned during the coming months.

## Agenda Item 8

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

TMO BOARD  
21<sup>st</sup> MARCH 2013

#### INTRA GROUP AGREEMENT

#### REPORT BY COMPANY SECRETARY & GOVERNANCE MANAGER

##### **1. Purpose**

- 1.1 The Board agreed at its January meeting to establish a subsidiary company to carry out the maintenance related services for RBKC's housing stock. The intra group agreement provides clarity over the basis upon which decisions are to be taken on behalf of the subsidiary company.
- 1.2 The Board is asked to approve the draft intra group agreement attached in appendix 1.

**DECISION**

2. The TMO is the sole shareholder of the subsidiary company and it is important to have clarity about the decision making processes and the relationship between the TMO and the subsidiary.
3. The Board received in the January papers a draft list of positive and negative covenants that one might expect to see as between a parent and a wholly owned subsidiary. Those covenants form part of the intra group agreement. The agreement also sets out the services that the TMO will provide to the subsidiary.
4. In Schedule 1 sections 2(b) and 2(f) we did not fill in the values. It is recommended that the values be 0.25% of the annual turnover of the subsidiary. The Board is asked to agree the insertion of this value into the agreement.
5. In May, the Board will receive the updated governance documents (Standing Orders, Contract and Financial Regulations, etc.) that will incorporate sections about the subsidiary company. In July, the Board will be presented with the repairs contract between the TMO and the subsidiary that will cover in detail the delivery of the maintenance service.

**Angela Bosnjak-Szekeres**  
**Company Secretary**

Dated

2013

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA TENANT MANAGEMENT  
ORGANISATION LIMITED

and

KENSINGTON AND CHELSEA TMO REPAIRS DIRECT LIMITED

---

Intra Group Agreement

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[DRAFT]



30 Finsbury Circus  
London EC2M 7DT

T :  
F :



W : [www.devonshires.com](http://www.devonshires.com)

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This Agreement is dated

2013 (the Effective Date)

BETWEEN:

- (1) **THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED** a company limited by guarantee (registered number 03048135) whose registered office is at Network Hub, 292A Kensington Road, London, United Kingdom W10 5BE (the **Parent**); and
- (2) **KENSINGTON AND CHELSEA TMO REPAIRS DIRECT LIMITED** a company limited by shares (registered number 08375353) whose registered office is at Network Hub, 292A Kensington Road, London, United Kingdom W10 5BE (**TMO RDL**).

IT IS AGREED as follows:

## 1 Interpretation

1.1 In this Agreement the following words and phrases shall have the following meanings:

<b>Board</b>	shall mean the board of management of the Parent or TMO RDL (as appropriate) which has responsibility for the management of that body's business (or as each may be renamed in its respective Constitution from time to time).
<b>Business Day</b>	means a day (other than a Saturday or Sunday) on which the registered offices of the Parent and TMO RDL are open for business.
<b>Business Plan</b>	shall mean TMO RDL's business plan from time to time (incorporating a budget and financial forecast) approved by its Board and the Parent in accordance with the terms of this Agreement.
<b>Competent Authority</b>	means the Registrar of Companies, HM Revenue & Customs and the Royal Borough or any other body with statutory or regulatory authority over the Parties or any person whose consent is required under any deed or agreement which is binding on either Party.
<b>Constitution</b>	means the governing or constitutional documents of the Parent or TMO RDL from time to time.
<b>Group</b>	means the Parent and TMO RDL.
<b>Group Chief Executive</b>	means the Chief Executive Officer of the Group.
<b>Maintenance Contract</b>	means the contract to be entered into between the Parent and TMO RDL pursuant to which TMO RDL shall carry out, on behalf of the Parent, the provision of specified housing maintenance and void works in relation to the Royal Borough's housing stock.
<b>Party</b>	means a body which is a party to this Agreement.
<b>Royal Borough</b>	means The Royal Borough of Kensington & Chelsea

**Services** means the services to be provided by the Parent to TMO RDL.

- 1.2 Words denoting the singular shall include the plural and vice versa, words denoting the masculine gender shall include the feminine gender and vice versa and words denoting persons shall include corporations.
- 1.3 Reference to any statutory provisions or instruments shall be deemed to include reference to any such provisions or instruments as from time to time amended, varied, replaced, extended or re-enacted and to any orders or regulations under such provisions.
- 1.4 Reference to a Clause or a Schedule shall be deemed to be references to a clause or a schedule to this Agreement and references to a sub-clause shall be deemed to be references to a sub-clause of the clause in which the reference appears.
- 1.5 A reference to a person includes its successors, transferees and assigns and, in the case of a statutory body, any body which may succeed to or assume any part of its functions.
- 1.6 No partnership shall be created by virtue of this Agreement which would result in any other Party becoming jointly and severally liable for the obligations of another.
- 1.7 In this Agreement clause headings are included for ease of reference only and shall not affect this Agreement or its interpretation.

## **2 Agreement effectiveness**

This Agreement shall be effective from the Effective Date.

## **3 Group Status**

- 3.1 The Parties shall be treated as a group for the purposes of generally accepted accounting principles. The Parent shall be required to produce consolidated accounts.
- 3.2 TMO RDL agrees that it will use all reasonable endeavours and take such steps as may be required by any Competent Authority from time to time to remain a subsidiary of the Parent.
- 3.3 TMO RDL undertakes to the Parent that it will at all times act in the best interests of the Group except to the extent that this might conflict:
  - 3.3.1 the requirements of any Competent Authority;
  - 3.3.2 directly with its interests,

and, save as provided for in clause 6, nothing in this Agreement requires any Party to offer financial assistance to another.

## **4 Covenants**

TMO RDL covenants with the Parent as set out in Schedule 1.

## **5 Services**

- 5.1 TMO RDL appoints the Parent to carry out the Services detailed in Schedule 2 to this Agreement and the Parent agrees that, subject to TMO RDL complying with its obligations in clause 5.2, it will provide the Services.

5.2 The Parent shall notify TMO RDL from time to time as to (1) TMO RDL's contribution to the costs involved in the provision of the Services and (2) when such contributions are required to be paid to the Parent. TMO RDL covenants to make such payments as are required in respect of the Services on the dates specified by the Parent.

## **6 Parent Loan**

6.1 TMO RDL acknowledges that the Parent has provided it with working capital of £700,000. TMO RDL covenants with the Parent as follows:-

6.1.1 it shall only apply such working capital in accordance with the terms of the Business Plan; and

6.1.2 it shall repay the said working capital either (1) in five equal instalments, one instalment in each of the next financial years of TMO RDL on such date as the Parent shall notify or the next Business Day or (2) on such other terms as the Parent and TMO RDL may agree.

## **7 Dispute Resolution**

All matters of disagreement under this Agreement shall be resolved by negotiation and discussion between the Parties.

## **8 Confidentiality**

No Party nor their advisers or agents shall make any public statement or disclosure about the specific terms of this Agreement unless such statement or disclosure is required in order to comply with any law or the requirements of any Competent Authority or is made to bankers, funders and professional advisers acting under a similar duty of confidence or unless the Parent determines otherwise. The Parent is authorised by TMO RDL, in carrying out its functions under this Agreement and in fulfilling its role as Parent of the Group, to discuss matters relating to TMO RDL with any Competent Authority and any other third parties.

## **9 Severance**

If any provision of this Agreement shall become or shall be declared by any court of competent jurisdiction to be invalid, unlawful or unenforceable this shall not in any way impair or affect the validity, lawfulness or enforceability of any other provision of this Agreement all of which shall remain in full force and effect.

## **10 Term of Agreement**

This Agreement will remain in force for so long as TMO RDL remains a subsidiary of the Parent.

## **11 Waiver**

Failure by either Party at any time to enforce the provisions of this Agreement or to require performance by the other Party of any of the provisions of this Agreement shall not be construed as a waiver of any such provision and shall not affect the validity of the Agreement or any part thereof or the right of either Party to enforce any provision in accordance with its terms.

**12 Notices**

12.1 Every notice, request or other communication shall:

12.1.1 be in writing delivered personally or by prepaid first-class letter or any other written communication;

12.1.2 be deemed to have been received, in the case of a letter, when delivered personally or 48 hours after it has been sent by first-class post or, in the case of a fax or e-mail, on receipt of a legible copy by the recipient provided that any letter sent by fax, e-mail or personally which arrives after business hours or on a day which is not a Business Day shall be deemed to have been served at opening of business on the next Business Day; and

12.1.3 be sent to either Party at its address stated above or to such other address or fax number and/or marked for the attention of such person in England as may be notified in writing by one Party to the other with not less than 15 days' notice.

**13 Counterparts**

This Agreement may be executed in any number of counterparts, and on the same shall have the same effect as if the various signatures on the counterparts were on a single copy.

**14 Contracts (Rights of Third Parties) Act 1999**

No Party to this Agreement intends to confer any right or benefit upon a third party and for the avoidance of doubt, the provisions of the Contracts (Rights of Third Parties) Act 1999 are expressly excluded from applying to this Agreement.

**15 Law and Jurisdiction**

15.1 This Agreement and any non-contractual disputes or claims arising out of it or its subject matter or formation shall be governed by, and construed in accordance with, the law of England and Wales.

15.2 The parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this Agreement (including non-contractual disputes or claims).

**Executed by the Parties on the date set out at the beginning of this Agreement**

Executed by the Parties on the date set out at the head of this Agreement

Signed for and on behalf of

**KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED by:**

\_\_\_\_\_ Authorised Signatory

Signed for and on behalf of

**KENSINGTON AND CHELSEA TMO REPAIRS DIRECT LIMITED by:**

\_\_\_\_\_ Authorised Signatory



## SCHEDULE 1

### COVENANTS BY TMO RDL

#### 1. Positive Covenants

TMO RDL will:

- a) Comply with all reasonable requests of any Competent Authority notified to it by the Parent or received directly from any Competent Authority;
- b) Obtain the consent of the Parent before appointing or removing any member of the Board;
- c) Unless the Parent agrees otherwise, deliver to the Parent a final draft of a Business Plan to take effect from 1 April of the following year not later than 31 December in each year;
- d) Where the Parent raises comments on the draft Business Plan, use its reasonable endeavours in co-operation with the Parent to agree with the Parent and approve a final version of the Business Plan no later than 31 March in each year following delivery of the draft. Until a new Business Plan is agreed, the previous Business Plan will continue to be the Business Plan for the purposes of this Agreement;
- e) Comply with and implement its Business Plan and all policies and procedures which have been agreed with the Parent;
- f) Consult with, and obtain the consent of, the Parent prior to incurring any expenditure or borrowing outside the scope of the approved Business Plan or taking any action not anticipated by or incorporated in the approved Business Plan;
- g) Not take any action (or fail to take any action) which would damage its good reputation or that of the Parent or the Group;
- h) Adopt, implement and operate in accordance with strategies, policies, procedures, objectives, standing orders and financial regulations set by the Parent generally for the Group;
- i) Co-operate with the Parent by arranging for the attendance of Group meetings by senior representatives of TMO RDL at regular intervals and by providing such relevant information as may be requested by the Parent as to TMO RDL performance in relation to the Business Plan, services provided to the Parent under the Maintenance Contract and financial matters or otherwise;
- j) Operate in accordance with its constitution, relevant legislation, guidance and best practice;
- k) Provide all information upon any aspect of its affairs requested from time to time by the Parent;
- l) Report to the Parent upon its financial and operational functions in such form and at such time(s) as shall be specified from time to time by the Parent;
- m) Co-operate fully with any investigations into its affairs initiated by the Parent or by any Competent Authority from time to time;

- n) Use the services of auditors, bankers, financial advisers and solicitors appointed by the Parent and act reasonably in considering the advice provided by such advisors;
- o) Appoint contractors who are selected from either a list of contractors who have been approved for the Group or, if agreed by the Parent, any other contractor who can demonstrate that they have the appropriate skills and resources to undertake the task and can deliver value for money for TMO RDL;
- p) Ensure that the pay and conditions for any employees and other personnel are within the budget set out in the Business Plan approved by the Parent;
- q) Take such steps as are necessary to remove, dismiss and/or take appropriate disciplinary action against any employee if required by the Parent and/or the Group Chief Executive.

## 2. Negative Covenants

TMO RDL undertakes not to, without the prior written consent of the Parent:

- a) acquire or form any subsidiary, associate, affiliate or related company or enter into any merger, amalgamation or consolidation or joint venture or partnership;
- b) cease or threaten to cease to carry on business nor make any substantial change in the scope or nature of its business or operations or make any material disposal of its assets or any gift or donation exceeding £[                      ] in any year;
- c) appoint as company secretary anyone other than the secretary of the Parent;
- d) appoint or, summarily remove any member of its senior management team without the consent of the Parent;
- e) Enter into (as lender or borrower or equivalent) any loan or any transaction having the commercial effect of a borrowing or enter into any derivative or contract for differences or investment or make any grant;
- f) Enter into any transactions (a) outside the ordinary course of its business under which the amount payable or receivable exceeds £[                      ] or (b) outside the scope of the Business Plan;
- g) Change its accounting reference date or its auditors or registered office;
- h) Pay remuneration to its Board except with the approval of the Parent;
- i) Enter into any guarantee indemnity or suretyship or provide security for the obligations of a third party;
- j) Operate in a manner which would or could reasonably be expected to breach the regulations or expectations of any Competent Authority.

## SCHEDULE 2

### SERVICES

#### 1. Services to be provided by the Parent

- a) *Company Secretarial*: in charge of registers and records; keeping of seals; compliance with Companies House requirements; organising and minuting meetings;
- b) *Finance*: preparation and monitoring of financial regulations, control documentation, Business Plans/ Budgets; management of tax arrangements; financial administration and accounting; internal and external audit functions;
- c) *Human Resources and Payroll*: employment and management of staff;
- d) *Information Technology*: arranging and managing a supply and maintenance of ICT systems including databases; security and disaster control and recovery;
- e) *Central Administration*: managing insurances; marketing and any other services necessary to help TMO RDL carry out their business;
- f) *Performance Management*: policy monitoring and review, monitoring and review of performance objectives; support for growth strategies and business support; complaints management/reporting;
- g) *Communications and Public Relations*: advice and support on all marketing and communication matters including services users' newsletters, handbooks and satisfaction surveys, annual reports, media relation, exhibition and marketing events; submissions for recognition;
- h) *Procurement*: central purchasing of works, goods and services.



## Agenda item 9

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

<b>Open</b>	
<b>For information</b>	
<b>Board</b>	
<b>Report title:</b>	Performance Update 2012-13 –Quarter 3
<b>Authority for decision:</b>	The Board has ultimate responsibility for the performance of the organisation.
<b>Recommendations:</b>	
<b>Regulatory/legal requirements:</b>	Monitoring of the organisation’s Performance Indicators is good practice
<b>Business Plan link:</b>	Keeping our resident and customers centre stage
<b>Equality Impact Assessment/comment:</b>	None required
<b>Resident consultation:</b>	The TMO’s Performance Indicators and Business Plan have been developed with the full involvement of staff, management and the Board, and in consultation with residents, key stakeholders, and partners, of which the Royal Borough is paramount.
<b>Resource implications/VFM statement:</b>	Existing resources
<b>Risk:</b>	If targets are not met there is a high reputational risk and the TMO’s core business could ultimately be affected.
<b>Appendices:</b>	4
<b>Total number of pages including appendices:</b>	39
<b>Name, position and contact details of author:</b>	Yvonne Birch Director People & Performance [REDACTED]

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

**TMO BOARD 21/03//2013**

**REPORT BY DIRECTOR OF PEOPLE & PERFORMANCE**

**PERFORMANCE INDICATORS AND BUSINESS PLAN UPDATE –  
QUARTER 3 (2012-13)**

**1. PURPOSE**

- 1.1 The purpose of this report is to advise the TMO Board of the TMO's performance for the period April – December 2012, and to update on the progress of the Business Plan Strategic Priorities.

**FOR INFORMATION**

**2. INTRODUCTION AND BACKGROUND**

- 2.1. This report and the attachments give an overview of the performance of the TMO in key business areas during the reporting period, together with an update on the progress of the Business Plan Strategic Priorities.

**3. PERFORMANCE INDICATORS**

- 3.1. The traffic light indicator uses the usual colours to indicate the status of the annual target.

**4. OVERVIEW OF KEY BUSINESS AREAS**

- 4.1. Detailed below are summaries from managers of the progress in their area for the third quarter of 2012-13.

**5. REPAIRS & MAINTENANCE**

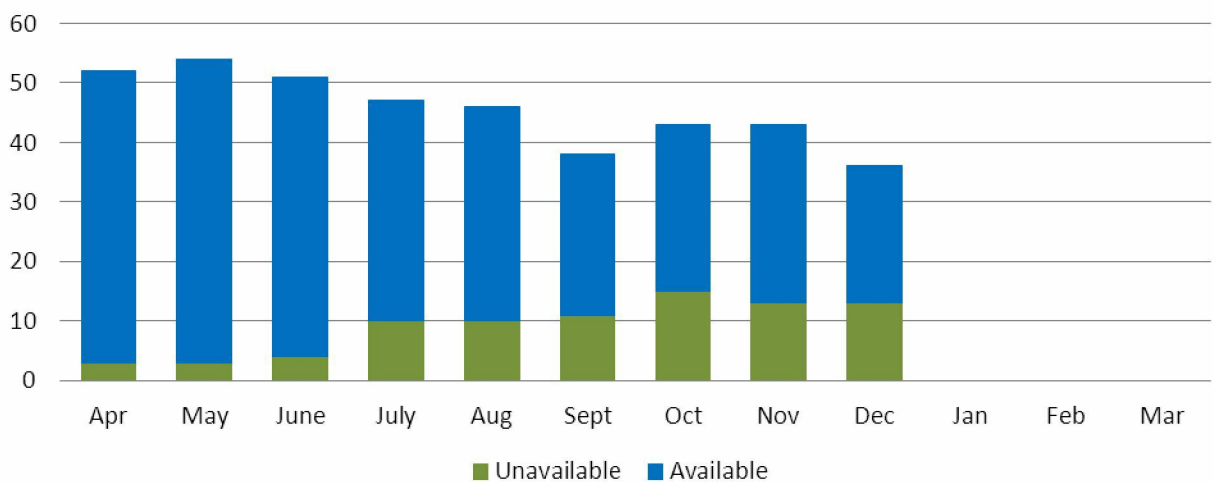
- 5.1. In terms of overall performance it was a disappointing quarter for Wilmott Dixon (WDP). Although recent trends are showing improved performance they failed to meet a number of their targets.
- 5.2. The TMO continues to work hard to address under-performance of the contractor, holding weekly meetings to address specific areas of difficulty.
- 5.3. There have been ongoing ICT issues which have impacted on operational performance during Quarter 2 and 3. WDP are confident

that these difficulties are now fully resolved. The TMO will continue to monitor this area to ensure that these problems do not resurface.

## 6. VOIDS AND LETTINGS

- 6.1. The average re-let time for a general needs property for the year to date was 23.4 days at the end of December, within the target of less than or equal to 24.0 days. Performance for the third quarter alone was 19.5 days.
- 6.2. Performance earlier in the year was impacted by the termination of the Morrison contract; however, turnaround times have continued to improve following the commencement of the Wilmott Dixon contract.
- 6.3. The percentage of rent lost due to voids is at 0.63%, well within the target of 0.75% and top quartile when compared to the London ALMOs and Local Authorities benchmarking data for 2011-12.
- 6.4. Following improvements in void turnaround the number of current voids has decreased. The thirteen voids currently marked as 'unavailable' are a mixture of homes either undergoing redevelopment, regeneration works or awaiting a decision by RBKC on their future use.

**Voids at Month End**



## 7. CAPITAL WORKS AND GAS SAFETY

- 7.1. Non-decency levels have remained at 6% during the third quarter, which is attributed to the limited capital resource available to invest in housing stock. The annual increase due to the ageing of the stock is currently projected to result in 9% non-decency by the end of this financial year.
- 7.2. The average SAP rating for our housing stock is 66.5 and has remained static since the end of the last quarter. Based on present funding no change to the SAP average is anticipated during 2012-13.

- 7.3. Gas servicing compliance is at 99.87%, representing 10 properties without a current Landlords Gas Safety Record (LGSR), a significant reduction of 10 when compared to September 2012.
- 7.4. It is anticipated that the total capital budget of £9.261 million will be spent by April 2013. Spend at the end of December was £6.1 million.

## 8. CUSTOMER SERVICES

- 8.1. The Customer Contact Centre has continued to receive an increased number of calls when compared to the same periods in the preceding financial year.
- 8.2. The table below shows the increase in calls received and answered for Quarters 1 to 3 in both years. Overall in 2012-13 the Contact Centre has so far seen a 21.4% increase in calls received and has answered an additional 10.6%.

Year	Measure	Qtr 1	Qtr 2	Qtr 3	
2011-12	Calls received	15,955	16,360	19,067	
	Calls answered	15,377	15,836	18,061	
	% answered	96.4%	96.8%	94.7%	
2012-13	Calls received	19,961	19,263	23,138	
	Calls answered	17,722	17,127	19,652	
	% answered	88.8%	88.9%	84.9%	
	% change in calls received	+25.1%	+17.7%	+21.4%	+21.4%
	% change in calls answered	+15.3%	+8.2%	+8.8%	+10.6%

- 8.3. Issues with the IT interface between the TMO and WDP systems continued to impact on the levels of avoidable calls in Quarter 3, contributing to the overall increase in calls received.
- 8.4. As discussed earlier in this report it is reported that these IT interface issues are now fully resolved.
- 8.5. With 84.9% of calls answered performance for the quarter was below the target of 90%; however, going into 2013 performance has improved with performance at 91.1% and 96.7% respectively for January and February.

## 9. RENT COLLECTION & ARREARS

### Current Tenant Arrears

- 9.1. Arrears finished December at £1.203 million, an increase of around £43,000 from the position at the end of November. This increase is similar to the seasonal Christmas drop in collection experienced in 2011 when arrears increased by £42,000, ending the month at £1.236 million.
- 9.2. The Income Team are working hard to collect the payments missed over the holiday and early indications show recovery at a much quicker rate than in 2011.
- 9.3. Following court action we have carried out 13 evictions for rent arrears between April and December. In November we had 3 evictions that we were able to cancel when the tenants paid a combined total of £16,000 to clear their rent accounts and charges. As a result these tenants were allowed to continue their tenancies.
- 9.4. For the remainder of this financial year we will be introducing evening and weekend working to increase our availability and to enable us to contact tenants who work office hours.
- 9.5. ***February Update: Following a busy January and February for the Income Team, working intensively to increase levels of rent collection, current tenant arrears ended February at £1.111 million, a reduction of over £91,000 since the end of December with a collection rate of 100.18%.***

## 10. LEASEHOLD COLLECTION

- 10.1. Collection rates for both homeowner service charges and major works invoices have exceeded targets for the year to date.
- 10.2. The London ALMOs and Local Authorities benchmarking data for 2011-12 shows that we are predominately top quartile performers for collection and arrears levels whilst remaining the most cost efficient service (ranked 1<sup>st</sup> for direct cost per property for service).

## 11. NEIGHBOURHOOD MANAGEMENT

### 11.1. ANTI SOCIAL BEHAVIOUR (ASB)

- 11.2. The number of new cases reported each month increased in the quarter but remained below the levels for the same period in the previous year.
- 11.3. Improved case management has led to a reduction in the number of live cases from 192 at the end of September to 135 by December.

## 12. RESIDENT ENGAGEMENT

- 12.1. During Quarter 3 the TMO engaged with around 400 tenants through events, activities and involvement opportunities. A total of 46 residents signed up to involvement opportunities via the Get on Board leaflets and 51 expressed an interest in attending future training events.
- 12.2. A successful Residents Conference and AGM was held in September with 182 residents visiting the conference throughout the day and 90 members attending the AGM, held straight after the conference event.
- 12.3. Although attendance at the AGM was slightly below the target of 100 we saw a significant increase in voting overall. A total of 468 members voted in the 2012 AGM, an increase of 261 when compared to 2011. The TMO introduced voting via the internet in 2012, a voting option that was taken up by 201 members.
- 12.4. Three new Residents Associations were formed, at Kensal House, Holmefield House and Bramley House. The Resident Engagement Team are also following up expressions of interest from a further five resident groups across the borough.
- 12.5. Planning for the second phase of the Get on Board roadshows, 'Employment & Training', is currently underway. At the end of December a total of 12 stakeholders had signed up to participate in the four roadshow events planned for 2013-14.
- 12.6. The team were successful in securing an additional £500 to fund the development of the TMO's 8-13 Children's Forum, making a total of £750 raised for this purpose.
- 12.7. ***February Update: A further bid for the sum of £1000 was submitted to RBKC's Children's Forum in December and we have recently received confirmation that our bid was successful.***

### 13. COMPLAINTS

- 13.1. The Complaints Team received and registered 183 complaints during April to December 2012. This comprised of 176 Stage One complaints and 7 Stage Two complaints. At 4% of the total, the number of Stage Two complaints remains well within the escalation target of <=20%.
- 13.2. The complaints service was audited in December by RBKC's internal auditor as part of the '2012-13 Audit Plan'. The audit included the complaints policy and procedure, the W2 system and the unreasonable behaviour policy. The auditor awarded satisfactory assurance with medium risk and made three recommendations, all of which have either been completed or are currently being addressed.
- 13.3. Performance improved for Quarter 3, achieving 87.5% of Stage One complaints answered in target; however, this is still below the target of 90% and efforts are being focused on further improving this for 2013.



13.4. **February Update: For both January and February the TMO answered 100% of Stage One complaints within target, bringing the year to date total to 82.5%.**

**14. GOVERNANCE**

14.1. **February update:** At the end of December the numbers of new TMO Members signed up during the year was significantly off target. **To address this under-performance the TMO undertook a membership drive throughout January, February and by early March over 200 additional members had been signed up.**

**15. 2013-14 KEY PERFORMANCE INDICATORS AND TARGETS**

15.1. We have reviewed our complete set of operational KPIs for the new financial year. Appendix B provides the final list of indicators for both Operations Committee and the Board.

**16. BUSINESS PLAN UPDATE**

16.1. The current Business Plan was agreed by the Board on 29<sup>th</sup> March 2012. This was a revision of the Business Plan that was written in 2009 to reflect the changes locally and also the effects of the many changes in housing legislation that have happened in the last few years.

16.2. The Business Plan however, does come to the end of its original life in 2014 and from Quarter 2 of 2013/14, officers will start consultation with Board members, staff and RBKC to discuss what should go into the new Business Plan for 2014/2019. It is anticipated that the new Business plan will be presented to the Board at the end of Quarter 3 2013/14.

**17. BUSINESS PLAN MONITORING 2012/2013**

17.1. In Appendix C, the Business Plan Objectives have been up-dated to show their progress towards the Business Plan Priorities at the end of Quarter 3 (31<sup>st</sup> December 2012).

17.2. The Status column is coloured as follows:

Dark Green	Completed Item
Light Green	Item on target for completion
Amber	Item delayed but there is a robust plan for completion
Red	Item delayed and there are serious concerns regarding its completion
Blue	Target for completion of item scheduled for later in the year.



## 18. Progress

18.1. Senior managers have updated the Appendix as at the end of Quarter 3.

18.2. Of the 51 items:

**16** Items have been fully completed

**30** Items are on target for completion

**2** Items are amber because there is further work to do to fulfil the Strategic Priority or because timescales have been revised.

**4** items are on target for completion later this year or next financial year

## 19. BUSINESS PLAN OBJECTIVE 2013/14

19.1. Attached at Appendix D is the Corporate Plan - Priorities and Objectives to achieve the Business Plan goals. This has been developed by managers and the Executive Team.

19.2. In line with the goal to **increase resident satisfaction and put customers at the centre of everything we do**, the plan includes actions to respond to changes brought about by welfare reform. These include having, 'Map your Future' (Employment and Training Road Shows), as a theme for Phase 2 of 'Get On Board'. The TMO will also continue to offer training courses in committee skills and capacity building on personal skills.

19.3. The setting up of the ISP (Kensington & Chelsea TMO Repairs Direct) will form a major part of the priority to **grow our business** and **protecting our assets** and is also reflected in the Hidden Homes schemes at Greaves Tower and Holmefield House, and major works at Grenfell Tower. The TMO will continue to work with the Council on an Asset Management and Regeneration Strategy.

19.4. The setting-up of the ISP and ensuring that collection rates from rent, service charges and CAS meets or exceeds the targets set contribute to the priority to **maintain financial viability**.

19.5. The priority to **improve organisational capability** will be achieved by various Human Resources administrative and IT developments. These include continuing to develop HR Select, a computer programme, continuing to drive down the turnaround time for complaints and developing workflow processes to ensure more efficiency.

## 20. EQUALITY IMPACT ASSESSMENT

20.1. There are no particular equality impacts in terms of ethnicity, gender, religion, and other equality issues although we aim to provide a fair service for all residents.

## **21. CONCLUSION**

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

### **APPENDICES**

- A) KPI REPORT – April to December 2012
- B) 2013-14 KPI & TARGETS
- C) BUSINESS PLAN OBJECTIVES – Quarter 3
- D) CORPORATE PLAN – PRIORITIES AND OBJECTIVES



Kensington  
& Chelsea TMO


**BOARD KPI REPORT  
2012-13**

## BOARD KPI REPORT - 2012-13

### DASHBOARD LEGEND



UQB Upper quartile benchmark. In most cases this is obtained from the HouseMark report for London ALMOs and Local Authorities 2011/12. Where that is not available, it is obtained from the HouseMark National or ASB report.

Status	
	PI within target range
	PI outside target range
	PI significantly at variance from target



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**BOARD KPI REPORT - 2012-13**
**Repairs & Customer Service Centre**


	Q4	2011-12	Q1	Q2	Q3	YTD *	Status	Target	UQB
<b>Responsive repairs</b>									
Post inspection failure rate	26.2%	21.8%	43.7%	24.5%	28.1%	26.3%	<span style="background-color: red; color: white;">■</span>	<= 10%	
Overall resident satisfaction (suspended 3mths)	98.1%	98.4%	susp	susp	susp	susp	<span style="background-color: green; color: white;">■</span>	98%	
Appointments made	91%	87.9%	-	92.5%	92.9%	92.7%	<span style="background-color: green; color: white;">■</span>	80%	100%
Appointments kept	99%	97.5%	-	96.2%	98.1%	97.5%	<span style="background-color: yellow; color: black;">■</span>	98%	100%
% Repairs completed 'right first time'	88%	94.2%	-	87.3%	79.4%	84.0%	<span style="background-color: red; color: white;">■</span>	90%	92.8%
<i>* Year to date figures for Wilmott Dixon Partnership only</i>									
<b>Gas servicing</b>									
Properties with valid LGSC	99.8%	99.8%	99.4%	99.7%	99.8%	99.8%	<span style="background-color: yellow; color: black;">■</span>	100%	100.00%
Properties without LGSC	16	16	29	20	10	10	<span style="background-color: green; color: white;">■</span>	0	
Without LGSC > 3 months	0	0	0	0	0	0	<span style="background-color: green; color: white;">■</span>	0	
<b>Customer Service Centre</b>									
Calls received	20,725	70,523	19,961	19,263	23,138	62,362	<span style="background-color: yellow; color: black;">■</span>	>= 90%	
Calls answered (%)	89.2%	93.8%	88.8%	88.9%	84.9%	87.4%	<span style="background-color: green; color: white;">■</span>	<= 40	
Average waiting time (secs)	36	34	19	18	27	21	<span style="background-color: green; color: white;">■</span>	<= 40	
<b>Void performance</b>									
Number of re-lets	49	213	41	53	41	135	<span style="background-color: green; color: white;">■</span>	24.0	22.8
Re-let time (calendar days)	19.0	23.95	25.5	25.0	19.5	23.40	<span style="background-color: green; color: white;">■</span>	0.75%	0.84%
% rental loss	0.48%	0.57%	0.73%	0.65%	0.53%	0.63%	<span style="background-color: green; color: white;">■</span>	<= 40	
Voids being prepared for letting	33	33	47	27	23	23	<span style="background-color: yellow; color: black;">■</span>	<= 6	
Voids unavailable for letting	3	3	4	11	13	13	<span style="background-color: yellow; color: black;">■</span>	<= 6	

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**BOARD KPI REPORT - 2012-13**  
**Rent Collection & Home Ownership**



	Q4	2011-12	Q1	Q2	Q3	YTD	Status	Target	Target for period	UQB
<b>Rent collection</b>										
Rent collected as a % rent due (inc arrears b/f)	97.02%	97.02%	96.72%	96.78%	97.22%	97.22%		97.7%		97.6%
Rent collected as a % rent due (excl arrears b/f)	99.61%	99.61%	99.21%	99.30%	99.74%	99.74%		100.23%		99.7%
Current arrears (£million)	1.173	1.173	1.190	1.242	1.203	1.203		1.073	1.098	
Arrears as % rent roll	2.83%	2.83%	2.67%	2.77%	2.68%	2.68%		2.4%		
% of arrears over 7 weeks	5.79%	5.79%	5.98%	6.35%	6.05%	6.05%		6.0%		
<b>Former Tenant Arrears</b>										
Cash Collection year to date	£15,222	£60,815	£21,154	£40,953	£61,879	£61,879		£63,716	£47,787	
Write Offs year to date	£16,344	£159,956	£14,388	£90,222	£102,277	£102,277		£182,158	£136,618	
<b>Leasehold</b>										
Service Charges collection rate	29.3%	107.4%	23.9%	26.8%	27.5%	81.8%		102.17%	75.810%	
Major Works collection rate	63.6%	271.6%	33.3%	41.5%	44.8%	162.3%		137.10%	135.140%	
<b>Asset Management</b>										
% Non-Decent Homes	5.0%	5.0%	5.0%	6.0%	6.0%	6.0%		<=10%		
Average SAP rating	66.5	66.5	66.5	66.5	66.5	66.5		>=65		
% Capital Programme Delivery Spent of Annual Budget	99.5%	99.5%	3.8%	36.4%	66.5%	66.5%		99%	66.2%	

**BOARD KPI REPORT - 2012-13**
**Neighbourhood Management**


	Q4	2011-12	Q1	Q2	Q3	YTD	Status	Target	Target for period
<b>Grounds maintenance</b>									
Failed inspections	3.1%	3.2%	3.1%	3.1%	3.2%	3.1%		5.0%	
<b>Cleaning</b>									
Callbacks	32	183	34	33	21	88		<400	
QA failures	3	9	0	2	0	2		<20	
<b>ASB</b>									
New cases	57	453	64	42	66	172			
Live cases	298	298	312	192	135	135			
% Closed cases successfully resolved	-	-	83.3%	100.0%	78.0%	89.4%		>=88%	
Satisfaction with handling	42.9%	62.9%	85.7%	100.0%	75.0%	86.7%		>=74%	
Satisfaction with outcome	58.3%	68.3%	100.0%	100.0%	66.7%	94.1%		>=74%	
<b>Community Alarms Service</b>									
Total Calls Received	25,660	91,920	20,009	26,057	28,214	74,280			
Answered within 60 seconds	97.3%	97.4%	96.8%	98.0%	98.3%	97.8%		90%	
Emergency visits attended within 45 mins	96.0%	95.6%	96.0%	98.5%	95.0%	96.5%		90%	
Customer satisfaction	99.0%	99%	99%	99%	98%	99.5%		90%	
<b>Resident involvement</b>									
No. residents engaging in all TMO events, activities and involvement opportunities	645	2103	317	588	391	1296		1200	900
No. new residents signing up to become involved in decision making involvement activities	50	241	35	29	46	110		120	90
Attendance at Residents' Conference	-	188	-	182	-	182		120	
Attendance at AGM	-	-	-	90	-	90		100	
Number of new RA or Compacts	2	4	2	0	3	5		7	3



## BOARD KPI REPORT - 2012-13

### Complaints & Correspondence



	Q4	2011-12	Q1	Q2	Q3	YTD	Status	Target	UQB
<b>Complaints</b>									
Stage 1 complaints answered	66	247	63	57	56	176			
% answered in target	86.4%	77.7%	84.1%	64.9%	87.5%	79.0%		90%	
Stage 2 complaints answered	6	37	0	5	2	7			
% answered in target	100.0%	73%	-	60%	50%	57%		90%	
Appeals answered	0	1	0	0	0	0			
% answered in target	n/a	100%	-	-	-	-		90%	
<b>Correspondence</b>									
W2 correspondence actioned	1399	4813	1671	1760	2167	5598			
% answered in target	89.3%	89.6%	94.8%	96.8%	97.3%	96.4%		90%	

**BOARD KPI REPORT - 2012-13**

**Human Resources & Governance**



	Q4	2011-12	Q1	Q2	Q3	YTD	Status	Target	Target for period	UQB
<b>Human resources (quarterly)</b>										
Total establishment	207	207	197	193	TBC	-				
Agency staff (%)	15.7%	16%	29%	25%	TBC	-				
Sickness days absence per employee	3.0	9.3	2.5	2.4	TBC	-		6.6	3.3	8.2
<b>Governance (quarterly)</b>										
Percentage attendance at Board meetings	73.3%	79%	80%	73%	87%	78.3%				
No. new TMO Members signed up			63	36	30	129		413	206	

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

**KCTMO BOARD**

**REPORT BY THE DIRECTOR OF PEOPLE & PERFORMANCE**

<p><b>Purpose</b></p> <p>This report presents the proposed list of dashboard key performance indicators for the 2013-14 financial year, together with targets.</p> <p style="text-align: right;"><b>For comment / information</b></p>
---

**1 Introduction**

- 1.1 The report below provides a list of the final set of KPIs to be reported in the Operations Committee performance dashboard.
- 1.2 In light of the proposed changes to welfare reform we have included some commentary on setting the rent collection targets for 2013-14.

**2 Rent Collection & Arrears**

2.1 Existing KPIs & targets

<b>Indicator</b>	<b>Target</b>	<b>Feb2013 Performance</b>
<b>Current Tenant Rent &amp; Arrears</b>		
Rent collected as a % rent due (excluding arrears brought forward)	>=100.23%	100.18%
Rent collected as a % rent due (including arrears brought forward)	>=97.65%	97.65%
Current arrears (£m)	1.073	1.111m
Arrears as a % of rent roll	<=2.41	2.47%
% Arrears >7 weeks	<=6.0	5.55%
No. tenancies paying by Direct Debit	Info only	1011

**Proposed 2013-14 KPIs & targets**

- 2.2 In April 2013 the Welfare Reform changes will begin to be implemented. The under-occupancy reductions to Housing Benefit, otherwise known as the

'bedroom tax' will be applied from April onwards, as will the 1% cap on annual benefit increases.

- 2.3 The benefit cap will be applied from July onwards.
- 2.4 The rolling out of Universal Credit, including direct payments is predicted to begin in October 2013 and will be phased in for all existing benefit recipients by 2017.
- 2.5 Information from pilot projects and modelling has been limited and focuses mainly on Universal Credit as opposed to the bedroom tax or all reforms combined; however, indications to date all show predicted increases in arrears levels.
- 2.6 An exercise to obtain information on how other London providers were planning on setting targets was undertaken during February. Feedback was generally limited, with many providers unable to confirm how they were planning to set their targets and with a small number indicating that they would not set targets at this early stage in welfare reform.

### Setting the TMO Targets

- 2.7 General research on the 'bedroom tax' indicates anticipated collection rates of between 40 – 70%. In setting our targets we chose a 50% collection rate as a starting point. At present the total loss in housing benefit income due to the under-occupancy reductions is £551,315 per annum.
- 2.8 We then considered what our likely arrears reduction figure would be if 2013-14 was a 'normal' year, taking into account only the 1% cap on benefit increases and the general economy. We considered that the reduction would be lower than our current anticipated reduction of around £53,000 for 2012-13.
- 2.9 Using these estimations we calculated the targets as below. These figures and the associated targets will be reviewed in April following confirmation of our week 52 arrears.

Item	£
Approximate rent and charges due in 2013-14	£47,750,158
Arrears brought forward (estimated)	£1,120,000
Minus anticipated general reduction in arrears	£40,000
Plus increase in arrears due to 50% of uncollected 'bedroom tax'	£275,658
Change in arrears by 31/3/2014	+ £235,658
Projected year end arrears	£1,355,658

Indicator	Proposed Target
<b>Current Tenant Rent &amp; Arrears</b>	
Rent collected as a % rent due (excluding arrears brought forward)	99.51%
Rent collected as a % rent due (including arrears brought forward)	97.23%
Current Arrears (£m)	£1.355m
Arrears as a % rent roll	2.84%
% Tenants >7 weeks in arrears	Info only

2.10 It should be noted that these targets will be reviewed continuously throughout the year in line with benchmarking information and feedback, and following the introduction of Universal Credit in October 2013.

2.11 To enable benchmarking with the tri-borough members we have contacted and agreed to monthly data sharing with the providers below. This will enable us to benchmark any increase or decrease in arrears levels (when compared to our week 52 position) on a month by month basis.

- CityWest Homes (Westminster)
- London Borough of Hammersmith & Fulham

2.12 Our overall objective will be to retain or improve on our quartile position within the London ALMO and Local Authorities benchmarking group by the end of the year.

### 3 Final 2013-14 KPI Set

Performance Indicator	Target 2012-13	Target 2013-14
<b>Rent Collection</b>		
Rent collected as a % of rent due (inc arrears b/f)	97.65%	97.23%
Rent collected as a % rent due (excl arrears b/f)	100.23%	99.51%
Current tenant arrears	£1.073	£1.355
Arrears as a % rent roll	2.4%	2.84%
% tenants >7 weeks in arrears	6%	Info only
Number of tenants paying by Direct Debit	Info only	1250
Former tenant arrears – cash collection	£63,716	TBC
<b>Responsive Repairs</b>		
% emergency repairs completed in target	98%	98%
% urgent repairs completed in target	98%	98%
% routine repairs completed in target	97%	97%
Post inspection failure rate	<=10%	<=10%
Resident satisfaction	Susp.	Info only



Appointments made as a % of appointable repairs	80%	80%
Appointments kept as a % of appointments made	98%	98%
Recalls as a % of jobs issued	<=10%	<=10%
% repairs completed right first time	90%	90%
<b>Voids&amp; Lettings</b>		
Number of general needs re-lets	-	-
Average time to re-let a general needs property (excluding major works period)	24 days	24 days
% Void rent loss	0.75%	0.75%
Number of voids available for letting/being prepared for letting	<=40	<=40
Number of voids unavailable for letting	<=6	<=6
<b>Customer Contact Centre</b>		
Number of calls received	-	-
Calls answered as a % calls received	90%	90%
Average call waiting time (seconds)	40	40
<b>Asset Investment &amp; Engineering</b>		
% Homes failing to meet the Decent Homes Standard	<=10%	<=10%
Average SAP rating of dwellings	>=65	>=65
% Capital programme budget spent	99%	99%
Capital Budget spent £	£9.2m	£8.5m
% Properties with valid LGSC	100%	100%
Number of properties without valid LGSC	0	0
Resident satisfaction with capital works	85%	85%
<b>Anti-Social Behaviour</b>		
New cases reported in period	-	-
Live cases at period end	-	-
% Closed cases successfully resolved	>=88%	>=92%
% Satisfaction with handling	>=74%	>=75%
% Satisfaction with outcome	>=74%	>=81%
<b>Environmental Services</b>		
% Grounds Maintenance inspections passed	95%	95%
No. Grounds maintenance callbacks	-	<=36
% Resident satisfaction	-	TBC
<b>Supported Housing &amp; Community Alarms Service</b>		
Total calls received	-	-
% CAS calls answered within 60 seconds	90%	90%
% CAS emergency visits attended within 45 mins	90%	90%
Customer satisfaction with CAS service	90%	90%

<b>Complaints</b>		
% Stage 1 complaints answered in target	90%	90%
% Stage 2 complaints answered in target	90%	90%
% Stage 3 (Appeal) complaints answered in target	90%	90%
% Stage 1 complaints upheld	><55%	-5%
% Satisfied with handling of complaint	>=58%	+5%
% Satisfied with outcome of complaint	>=65%	+5%
<b>Human Resources</b>		
Total Staff	-	-
Agency staff as a % of total staff	-	-
Average number of sickness absences per employee (days) – rolling 12 month period	6.6	TBC
Average number of sickness absences per employee – less long term (days)	-	-
<b>Organisational Development</b>		
Number of individual staff who have received training during 2013-14	-	-
% Year-end PDPs completed and returned to HR by May end	-	100%
% Mid-year PDPs completed and returned to HR by October end	-	100%
<b>Resident Engagement</b>		
No. TMO events, activities and involvement opportunities attended	1200	1440
No. Residents participating in ‘decision making’ activities	400	480
No. new residents signing up to become involved in decision making involvement activities	120	144
No. residents attending consultation events	-	Info only
New Residents Associations or compacts	5	7
Attendance at Residents’ Conference	120	150
Attendance at Employment & Training road-shows	-	175
No. external/internal meetings attended by one or multiple REP members	Info only	Info only
No. residents signing up for training opportunities	Info only	Info only
<b>Equality &amp; Diversity</b>		
%Tenants with ethnicity data held	70%	+5%
% Tenants with age data held	70%	+5%
<b>Home Ownership</b>		
Service charge collection rate	102.17%	TBC
Major works charge collection rate	137.1%	TBC
Change in SC arrears (£thousand) – annual	-80	TBC
Change in MW arrears (£thousand) - annual	-400	TBC



<b>Corporate / Other</b>		
% TMO calls answered (non-CSC calls)	-	90%
% W2 Correspondence actioned within target	90%	90%
Attendance at Board Meetings	-	-
Number of new TMO members signed up	413	+10%
Number of Members voting at AGM	-	515

#### 4 **Recommendations**

4.1 Board to review and agree the final set of indicators.

**SIOBHAN BOWMAN**  
**PERFORMANCE MANAGER**

Service Plan Staff key	
ADCC&A	Assistant Director of Customer Contact & Access
ADHO	Assistant Director of Home Ownership
ADNM	Assistant Director of Neighbourhood Management
ADP	Assistant Director Partnering
CE	Chief Executive
Co Sec	Company Secretary
CoM	Communications Manager
DA&R	Director of Assets & Regeneration
DFS	Director of Financial Services
DO	Director of Operations
DP&P	Director of People & Performance
HICT	Head of Information Communications Technology
HSH	Head of Supported Housing
ODM	Organisational Development Manager
PA	Principal Accountant
PeM	Performance Manager
PIM	Policy & Improvement Manager
PPA	Principal Project Accountant
PrM	Project Manager
REM	Resident Engagement Manager
Other Abbreviations	
ET	Executive Team
MF	Managers' Forum
RBKC	Royal Borough of Kensington & Chelsea
SMT	Senior Management Team

Progress key	Description
	Completed item
	Item on target for completion
	Item delayed but there is a robust plan for completion
	Item delayed and there are serious concerns regarding its completion
	Target for completion of item scheduled for later in the year
Risks to the organisation reviewed by the Finance & Audit Committee quarterly.	

Corporate Business Plan 2012/13 Quarter 2 Up-date									
Priority	Business Plan Objective	Task	Lead	Service Plan	Target date	Dependencies	Status	Comments	
1	Increase resident satisfaction and put customers at the centre of everything we do	Engage with residents and other providers	Continue the membership drive at estate roadshows and other events	DP&P	ADNM	Q1-4	RBKC, SMT	Item on target for completion	Good progress has been made on the Membership Drive and it is expected that the target will be reached. Get On Board Days have helped to
2			Develop activities towards under-represented groups including English for Speakers of other Languages	DP&P	REM	Q1-4	RBKC, SMT	Target for completion of item scheduled for later in the year	widen the base of resident involvement. To date this year, 116 new residents have signed up to become involved with TMO decision making against a target of 120. The TMO is publicising Nova ESOL courses. Residents are also referred to Clement James Centre, one of our partner, agencies for ESOL classes. An Equality & Diversity Panel has been set-up to meet on an ad hoc basis to look at equality issues.
3			Arrange 'taster' training courses and worklessness support sessions for KCTMO residents and young people	DDP&P	REM	Q1-4	RBKC, SMT	Item on target for completion	Courses for TMO residents have been arranged for early next year that will give skills to help develop a career or take an active role in the TMO.
4			Plan and launch Employment & Training Road Shows	DP&P	REM	Q1-4	RBKC, SMT	Item on target for completion	Get on Board Road Shows for 2013/14 have the theme, 'Map out Your Future' and will help residents to find employment, training and volunteering opportunities, including advice on how to start a business.
5			Monitor and report quarterly to residents on the delivery of the Local Offers	DDP&P	PeM	Q1	SMT	Item on target for completion	Resident Engagement Panel receive quarterly report on the progress of Local Offers. This report is posted on the internet.
6			Fully establish role in the worklessness agenda	DP&P	PIM	Q1-4	REM	Item on target for completion	Drop-in surgeries at the Blantyre Centre were trialled but have been discontinued because of lack of take-up. Development of the Workplan to support the TMO's commitment to the RBKC Pathways to Work Charter is well underway, to be implemented in 2013.
7	Develop Neighbourhood Investment Plans (NIPs)	Develop plans covering Area Review Boards and link to asset investment, repairs and area based	DO	DO	Q1-4	SMT	Item delayed but there is a robust plan for completion	Residents will be consulted in Q1 2013/14, on what information they would like to receive regarding repairs, major works and housing generally. Improved Asset Management is to be achieved through the broader use of Keystone and consultancy support in the development of a Asset Management Strategy and investment	
8			Analyse Keystone for area based stock information	DO	DO	Q1-4	SMT	Item on target for completion	Concerted attempt to sign-up more residents as Members. Board training courses encouraged 16 residents to stand for the elections. Board members asked to comment on all government consultations.
9	Raise Housing Service Standards by Delivering Quality and Accessible Services	Influence Council, regional and national	Encourage the role of the resident voice	CE	CE	Q1-4	ET	Item on target for completion	

Priority	Business Plan Objective	Task	Lead	Service Plan	Target date	Dependencies	Status	Comments	
10	Improve Customer Access	Continue with the Customer Change Programme: To support the programme	ADCC&A	ADCC&A	Q1-4	ET, SMT & MF, PPA, HICT	Item delayed but there is a robust plan for completion	Timescale and scope of the CSC change programme will be changing due to a number of factors, one of which is the proposed establishment of a new repairs option and the impact that it will have on the CSC. In the interim the CSC team will continue to work towards enhancing their current operations and will also work towards completing the implementation of the new parking policy, procedures and draft W2 work processes that evolve from there.	
11	Deliver the Asset Management Programme	Develop a five-year Capital Works plan including more accurate programming of major works; review the stock through Keystone in order to achieve above; achieve accurate five year estimates	DA&R	DA&R	Q1-2	ADHO, DFS	Item on target for completion	TMO are working with RBKC on looking at the long-term investment and the benefits and opportunities arising from HRA self-financing.	
12	Review the repairs contract	Develop handyman role in sheltered housing	ADP	ADP	Q3	HSH	Item on target for completion	An informal pilot is currently being monitored in the sheltered schemes to ascertain demand. Options for a permanent solution will be reviewed when ISP is in place.	
13		Review and develop property standards including minimum standards and void standards	ADP	ADP	Q3		Item on target for completion	Lettable standard to be reviewed as part of continued improvements to service, need to work with RBKC, look at direct lets and the future of Choice Based Lettings.	
14	Ensure that there are accessible services across the Borough	Monitor and improve resident profiling	DP&P	PIM	Q1-4	SMT, MF	Item on target for completion	Ethnicity and age data 66.1% and 74.8% completed against a target of 70% for the year	
15		Review and report on implementation of the Complaints Policy and prepare for the complaints aspect of the Localism Act	DP&P	PIM	Q3		Item on target for completion	Complaints Team have prepared for the changes brought about by the Localism Act and will prepare an annual report on Complaints at the end of Q4.	
16		Report on Complaints 'Lessons learnt'	DP&P	PIM	Q3		Item on target for completion	This will be included in the annual report on complaints.	
17		Develop and implement the service charge modules – Finance	ADHO	ADHO, PA (works and services)	Q2	DFS	Item delayed but there is a robust plan for completion	Capita will resolve over the next financial year as the system is updated.	
18	Grow our business and protect our assets	Develop a Strategy for Growth	Framework to be agreed by Board and implemented by Executive Team & Senior Management Team	CE	ET	Q1-4	ET, SMT	Item on target for completion	The most significant issue in this area is the requirement to develop a 30 year HRA business plan to regenerate the estates brought about by the changes to the Housing Revenue Account and the Council's invitation to set-up a joint project with the TMO to work through the options available.
19		Market KCTMO growth through the Communications Strategy	CE	CoM	Q1-4	ET	Item on target for completion	Robust Communications Strategy being prepared for ISP launch.	
20		Review Modular Management Agreement with the Council so that it enables us to bid for new opportunities	DP&P	DP&P	Q2	ET, SMT	Item on target for completion	Currently under review with RBKC & the TMO.	
21		Work with the Council to produce marketable Telecare solutions	DO	HSH	Q1-4	DFS	Item on target for completion	KCTMO delivers tele-care services to 570 residents on behalf of the Council	

Priority	Business Plan Objective	Task	Lead	Service Plan	Target date	Dependencies	Status	Comments
22	Make the best use of our assets	Deliver on Hidden Homes	DO	DA&R &PA (WORKS AND SERVICES)	Q1-4	DFS	Item on target for completion	The schemes at Holmefield House and Greaves Tower are scheduled to start on site in the June with completion in the autumn of 2013.
23		Develop a procurement plan which delivers efficiency savings	DO	DA&R &PA (WORKS AND SERVICES)	Q1-4	DFS		This is will be developed in 2013/14.
24		Review community facilities and standards					Item on target for completion	Project currently being scoped out with a view to commencing in the Q1
25		Review parking strategy and recommend other options to increase income	DP&P	PrM	Q3		Item on target for completion	First commercial leases set-up with a value of £7.6m over 25 years. Other sites have been identified and are being investigated.
26	Investing in the stock	Develop and implement estate and block based asset investment plans as part of the wider Capital Programme	DO	DA&R	Q3		Target for completion of item scheduled for later in the	
27		Develop a Decent Homes Programme and develop a 30- year Investment Strategy	DO	DA&R	Q1-4	ADHO	Item on target for completion	Working in conjunction with RBKC on options.
28		Work with the Council on self-financing and business change options	DFS	All	Q1-4		Item on target for completion	This is ongoing.
29		Manage and work within our budgets	DFS	All	Q1-4		Item on target for completion	Monthly review of current spend and budgets is undertaken by SMT and AD of Finance.
30	Governance	Improve our approach to Data Protection and Confidentiality	Co Sec		Q1-4	SMT, MF	Item on target for completion	Policies are currently being reviewed.
31		Initiate Board Training	Co Sec		Q3		Item on target for completion	The board participates in training and development activities and regular group and individual appraisals to identify skills gap and training. Board appraisal comments will inform the Board development plan for the coming year. The constitution and other governance processes are kept under review. RBKC audit the processes with a Full Review and High Level Review. All service plans have been risk managed and the Corporate Risk Map is reported to Finance and Audit Committee quarterly.
32		Embed Risk Management including management of contracts	DP&P	PIM	Q1-4	ET, SMT	Item on target for completion	Business Continuity principles used to develop a robust Olympic Action Plan. Business Continuity Working Group meeting quarterly.
33		Embed Business Continuity	DP&P	PIM	Q1-4	ET, SMT	Item on target for completion	The work on a new MMA for Lancaster West continues between the Board and the Council with the TMO advising as appropriate as the service provider. The current draft MMA is being revised and will include a review of governance from RBKC.
34		Review Lancaster West Estate Management Board Service Level Agreement/Modular Management Agreement	DO	ADNM	Q2	ET	Item on target for completion	See Mydata website being implemented. Residents will be able to access their information online.
35		Develop web online services	CoM ADCC&A HICT	CoM, HICT	Q3		Item on target for completion	

Priority	Business Plan Objective	Task	Lead	Service Plan	Target date	Dependencies	Status	Comments
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Completed Item	Comments
1 Board to lead in a response to the Council's Housing Strategy which reflects the KCTMO Board view and considers the aspirations of current and future tenants	A Working Group was set up to discuss both the strategies and all members of the Board have received the documents and invited to send in their comments.
2 Implement interim repairs contract	Willmott Dixon Partnership commenced 25.07.12.
3 Embed Blantyre Office as a key customer contact point	Since the office opened in February, its profile has been raised as a centre for the south, for example Nova use it as a drop-in centre.
4 Increase profile and access for Homeownership Services	Revamped Home Ownership section on the TMO website and successful opening of the <u>Blantyre office</u> .
5 Increase Direct debit options	There has been a huge drive on direct debits which has continued from 11/12 into Q1 of 12/13.
6 Increase payment options – implement Paris Browser	Fully implemented.
7 Produce an annual Health & Safety report	Done
8 Arrange staff conference	Held on 27.06.12
9 Arrange a directory of local providers explaining their role within the community.	Done
10 Make Key Performance Indicators more accessible to residents so that they are more able to challenge and scrutinise	Done
11 Monitor standards and report to residents and new regulatory framework	Done
12 Complete Stock Condition Survey	Done
13 Long term: Investigate alternative ways of delivering the service	ISP agreed and work commencing

Service Plan Staff key
ADCC&A Assistant Director of Customer Contact & Access
ADHO Assistant Director of Home Ownership
ADNM Assistant Director of Neighbourhood Management
ADP Assistant Director Partnering
CE Chief Executive
CoSec Company Secretary
CoM Communications Manager
DA&R Director of Assets & Regeneration
DFS Director of Financial Services
DO Director of Operations
DP&P Director of People & Performance
HICT Head of Information Communications Technology
HSH Head of Supported Housing



Priority	Business Plan Objective	Task	Lead	Service Plan	Target date	Dependencies	Status	Comments
24	Help to improve IT literacy for our customers (Race Online - Go ON UK)		ODM	Organisational Development Manager				
25	Remodel former TMO2YOU services to over 50's drop in services		PA	Principal Accountant				
26	Launch quarterly newsletter and set up surgeries		PeM	Performance Manager				
			PIM	Policy & Improvement Manager				
			PPA	Principal Project Accountant				
			PrM	Project Manager				
			REM	Resident Engagement Manager				
			Other Abbreviations					
			ET	Executive Team				
			MF	Managers' Forum				
			RBKC	Royal Borough of Kensington & Chelsea				
			SMT	Senior Management Team				



**Business Plan  
Corporate Plan - Priorities & Objectives  
2013 - 2014**

Business Plan Objective	Service Plan Objective	Action	Name of owner	Qtr	Dependencies	Outcome
<b>Key Priority: Increase resident satisfaction and put customers at the centre of everything</b>						
<b>ISP</b>	Ensure that ISP is rolled out on time and fit-for-purpose	ISP working groups dealing with project plan	See separate business plan			
<b>Customer Loyalty</b>	Maintain a 10% increase on final 2012/13 membership figure	Build customer loyalty by:	Co Sec	Q1 - 4	<ul style="list-style-type: none"> <li>All</li> </ul>	
		Maintaining Membership Drive initiative	ADNM			
		Encouraging RA membership and participation in TMO	REM			
		Encouraging residents to be stakeholders in their Neighbourhoods	REM			
<b>Worklessness</b>	Implement Worklessness Project	'Map your Future' (Employment and Training) Road-	RET	Q1 - 4	<ul style="list-style-type: none"> <li>NM</li> <li>Co Sec</li> <li>HO</li> </ul>	

Business Plan Objective	Service Plan Objective	Action	Name of owner	Qtr	Dependencies	Outcome
		Shows will commence in April as Phase 2 of Get On Board			<ul style="list-style-type: none"> <li>• CSC</li> <li>• IT</li> <li>• RBKC + others</li> </ul>	
<b>Resident capacity building</b>	Continue to offer training courses in committee skills and capacity building on personal skills	Introduce a programme for 13/14	Co Sec	Q1 - 4	<ul style="list-style-type: none"> <li>• RET</li> <li>• NM + HO+CSC</li> <li>• CoM</li> </ul>	
<b>Web and Intranet</b>	Make information and services more accessible for residents	Go live with intranet Scope out options for web site	CoM	Q1	<ul style="list-style-type: none"> <li>• All</li> </ul>	
<b>Better use of community facilities</b>	Review of Community rooms	Review the use of all community rooms to ensure that they are being used to their full capacity and for the general good of the area	PrM	Q4	<ul style="list-style-type: none"> <li>• RET</li> <li>• NM</li> <li>• R&amp;M</li> <li>• RBKC</li> </ul>	
<b>Customer Services</b>	Resolve 80% of customer enquiries at CSC	Introduce additional call-	ADCC&A	Q1	<ul style="list-style-type: none"> <li>• All</li> </ul>	

Business Plan Objective	Service Plan Objective	Action	Name of owner	Qtr	Dependencies	Outcome
<b>Programme</b>		handling options on an incremental basis.		- 4		
<b>Key Priority: Raise housing service standards by delivering quality and accessible services</b>						
<b>Welfare Reform (also financial viability)</b>	Implement Rent Assurance project	To be defined from Project	PrM	Q1 - 4	<ul style="list-style-type: none"> <li>• REM</li> <li>• PIM</li> </ul>	
<b>Asset Management Strategy</b>	Develop Asset Management Strategy	To be defined by ET and DA&R and ADHO	DA&R/ADHO	Q1 - 4	<ul style="list-style-type: none"> <li>• Co Sec</li> <li>• RBKC</li> <li>• E&amp;D Officer</li> </ul>	
<b>Customer Services Programme (see above)</b>		See above				
<b>Key Priority: Grow our business and protecting our assets</b>						
<b>ISP</b>	ISP Set up and established in operation  See separate ISP Plan	<ul style="list-style-type: none"> <li>• ICT Systems</li> <li>• ICT Training</li> <li>• Training</li> <li>• HR – TUPE</li> <li>• Comms – internal and external</li> </ul>	ADRP	Qtr 2	<ul style="list-style-type: none"> <li>• ISP Project Team</li> <li>• IT</li> <li>• HR</li> <li>• OMT</li> <li>• Finance</li> </ul>	ISP Implementation

Business Plan Objective	Service Plan Objective	Action	Name of owner	Qtr	Dependencies	Outcome
<b>FRA</b>	Compliance with FRA process	Ensure that recommendation are complied with	HS&FM		<ul style="list-style-type: none"> <li>A &amp;R</li> </ul>	
<b>Asset Management &amp; Regeneration</b>	Work with RBKC on Asset Management & Regeneration strategy		ET	Q1 - 4		
<b>Hidden Homes</b>	Deliver on Hidden Homes initiative at Greaves Tower and Holmefield House	Ensure that Hidden Homes projects are delivered on target and on budget	DA&R &PA (WORKS AND SERVICE S)	Q3	<ul style="list-style-type: none"> <li>DFS</li> </ul>	
<b>Grenfell Tower</b>	Deliver on Grenfell Tower initiative	Ensure that Grenfell Tower project is delivered on time and on budget	DA&R &PA (WORKS AND SERVICE S)		<ul style="list-style-type: none"> <li>DFS</li> </ul>	
<b>Car/ spaces Parking Project</b>	Better / more efficient/ VFM use of redundant spaces	First commercial leases set-up with a value of £7.5 m over 25 years. Other sites have been identified and are being	PrM	Q1 -4	<ul style="list-style-type: none"> <li>CSC</li> <li>NM</li> </ul>	



Business Plan Objective	Service Plan Objective	Action	Name of owner	Qtr	Dependencies	Outcome
		investigated. A project officer has been appointed to work on this going forward.				
<b>Key Priority: Maintain financial viability</b>						
<b>ISP (see above)</b>			ADRP			
<b>Service Charge Collection</b>	Collect Service charges Reduce legal costs	Ensure collection meets or exceeds targets	ADHO	Q1 - 4		
<b>Rent Income Collection</b>	Collect HRA Rent Income collection	Ensure collection meets or exceeds targets  Continue to promote Direct Debit  Monitor effect of Welfare Reform legislation	ADNM	Q1 - 4		

Business Plan Objective	Service Plan Objective	Action	Name of owner	Qtr	Dependencies	Outcome
<b>CAS Income</b>	Increase CAS charges by 4%	Ensure collection meets or exceeds targets	HHSS	Q1 - 4		
<b>Key Priority: Improve organisational capability</b>						
<b>Complaints Performance</b>	Achieve turn around target of 90%	Ensure complaints answering meets or exceeds targets	PIM	Q1 - 4	All	90% min figure
<b>W2 Workflow</b>	Complete workflows by March 2014 Current Workflows being worked on: Home Ownership Disrepair Mutual Exchanges Fire Inspection Reports Estate Inspections Parking FOI Requests Company Invoice Authorisation	Ensure that all workflow suggestions are submitted to SMT to agree	HICT SMT	Q1 - 4	Teams with workflows	

Business Plan Objective	Service Plan Objective	Action	Name of owner	Qtr	Dependencies	Outcome
<b>See my Data</b> <b>(place under keeping residents.....)</b>	Implement customer accessible web tool		HICT	Q2	<ul style="list-style-type: none"> <li>• Comms</li> <li>• IT</li> <li>• RIT</li> <li>• HOT</li> <li>• CSC</li> </ul>	
<b>Corporate Social Responsibility</b>	Evaluate Corporate Social Responsibility	Build-up Corporate Social Responsibility strategy to be agreed by SMT, ET and the Board	MF	Q1	<ul style="list-style-type: none"> <li>• SMT</li> <li>• ET</li> </ul>	
<b>Business Plan for 14-18</b>	The current Business plan comes to the end of its life in 2014 and a new Business Plan will have to be developed.	Develop a new Business Plan	PIM	Q4	<ul style="list-style-type: none"> <li>• All</li> </ul>	
<b>Organisational Training &amp; Development</b>	Renew and implement organisational training & development to include corporate induction process	Ensure that all staff have the competencies to deliver their role	ADHR	Q1 - 4	<ul style="list-style-type: none"> <li>• SMT</li> </ul>	
<b>Select HR system</b>	Ensure that system delivers an efficient service for users	Develop system to ensure that it can deal with annual leave,	ADHR	Q1 - 4	<ul style="list-style-type: none"> <li>• SMT</li> </ul>	

Business Plan Objective	Service Plan Objective	Action	Name of owner	Qtr	Dependencies	Outcome
		sickness, recruitment, appraisals, payroll and any other relevant work				

#### Service Plan Staff Key

ADCC&A	Assistant Director of Customer Contact & Access
ADFIN	Assistant Director Finance
ADHO	Assistant Director of Home Ownership
ADHR	Assistant Director of Human Resources
ADNM	Assistant Director of Neighbourhood Management
ADRP	Assistant Director Partnering
BIM	Business Improvement Manager
CE	Chief Executive
CoM	Communications Manager
Co Sec	Company Secretary
DAR	Director of Assets & Regeneration
DFS	Director of Financial Services
DO	Director of Operations
DP&P	Director of People & Performance

HS&FM	Health, Safety & Facilities Manager
HICT	Head of Information Communications Technology
HHSS	Head of Housing Support Services
ODM	Organisational Development Manager
PA	Principal Accountant
PeM	Performance Manager
PIM	Policy & Improvement Manager
PPA	Principal Project Accountant
PrM	Project Manager
REM	Resident Engagement Manager
<b>Other Abbreviations</b>	
ET	Executive Team
MF	Managers' Forum
RBKC	Royal Borough of Kensington & Chelsea
SMT	Senior Management Team

## Agenda item 10

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

Open
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For information
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TMO Board – 21 <sup>st</sup> March 2013
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<b>Report title:</b>	Budget monitoring April 2012 – February 2013
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<b>Authority for decision:</b>	The Board has overall responsibility of monitoring the outturns against the annual budget.
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<b>Recommendations:</b>	The Board is requested to note the report.
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<b>Regulatory/legal requirements:</b>	The Board have legal responsibility of ensuring the organisations resources are used in accordance with the budget and business plan.
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<b>Business Plan link:</b>	Being competitive and increasing our income.
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<b>Equality Impact Assessment/comment:</b>	None required.
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<b>Resident consultation:</b>	None required.
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<b>Resource implications/VFM statement:</b>	This is the subject of the report.
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<b>Risk:</b>	
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<b>Appendices:</b>	1
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<b>Total number of pages including appendices:</b>	18
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<b>Name, position and contact details of author:</b>	Rupa Bhola Assistant Director of Financial Services
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**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA**  
**TENANT MANAGEMENT ORGANISATION LIMITED**

**TMO BOARD MEETING – 21<sup>st</sup> March 2013**

**REPORT BY THE ASSISTANT DIRECTOR OF FINANCIAL SERVICES**

**BUDGET MONITORING 2012/13**

**(PERIOD 11 – February 2013)**

**1. Purpose of the Report**

1.1 The purpose of this report is to advise the TMO Board of the financial position of the TMO Company Budgets and the HRA Managed Budgets for 2012/13 based on the budget monitoring for February 2013.

**FOR INFORMATION**

**2. Introduction**

**Summary – TMO**

- 2.1 The TMO Company budgets reported in this paper are based on the 2012/13 company budgets. This report includes the financial position of the Lancaster West Estate.
- 2.2 TMO has had a very challenging year, with limited resources and high expectations to meet. We are projecting a surplus of £41k against a budget of £28k surplus. This is a £13k favourable variance to budget.
- 2.3 The current collection projects a substantial reduction in HRA debts (reduction of £993k) and this is directly linked to the Legal Costs incurred by TMO. Similar to last financial year, TMO has been able to recover a substantial amount (£300k) of its legal costs incurred during the year.
- 2.4 Additional income of £72k is forecast as part of Other Income. This is mainly related to recovery of ICT services provided outside of the TMO and cash back on the new mobile telephone contract.
- 2.5 A significant variance within salaries and agency costs appears as the budget is based on a full time staff compliment with no agency staff budgeted.
- 2.6 Depreciation costs in the year have reduced by £80k as projects have been phased during the year and re-evaluation of the life cycle of the EDRMS project to five years from 1<sup>st</sup> April 2012. (Original lifespan 5 years from 1<sup>st</sup> October 2010).

## **Summary – HRA**

- 2.7 RBK&C revised the annual budget in January 2013 for the 2012/13 financial year.
- 2.8 The revised budget 2012/13 is an income of £33.82 million against the original budget of £32.13 million which is a favourable variance of £169k.
- 2.9 The overall debt level during the year has continued to fall. The Leaseholder debt has reduced by £1.29 million in the eleven months to Feb 2013. This is a reflection of the progress made by the Home Ownership Team by taking appropriate action as required for each individual case. The impact on legal costs and the recovery of such costs is within the TMO budgets and is included in the Finance & Customer Services Division.

## **3. TMO Company Budgets**

- 3.1 Lancaster West – Break-even forecast and budget.

The Lancaster West out-turn is expected to be break-even, this is in line with the budget set for the year.

TMO is not expecting to draw down on the Lancaster West reserves held in the HRA at the year end and this is reflected in the break-even forecast projected.

- 3.2 CEO – £ (109k) adverse variance to budget.

This variance is mainly due to the staffing changes that have taken place in the directorate after the departure of Director of People and Organisational Development.

The whole Exec Team has worked together to ensure that the overall budget is delivered and expenditure contained to exceed the targeted £28k surplus.

It is forecasted with the savings and additional income identified in other directorates, the overall company surplus position will be higher than budgeted. The identified savings are detailed below to support the overall budget for 2012/13.

- 3.3 Customer Services – £(12k) adverse variance to budget.

Income is forecast to be £1,646k which is a £153k favourable variance. This is mostly due to £116k additional legal cost recovery with a higher than expected element of costs being recoverable and also £31k of additional CAS income with a higher take up from both private and corporate clients.

Staffing costs account for £(83k) of the above adverse variance and this is due to changes to staffing across the directorate and the interim staff covering some of the key positions. The second stage of the restructure of Assets and Regeneration was completed by the end of December 2012. The staff have been recently appointed to the post of Director of Assets & Regeneration and Head of Capital Investment. The remaining recruitment will be carried out during the early part of 2013-14.

Legal costs account for another £(74k) adverse variance with the extra effort having to go into debt collection, however a large majority of this cost has been recovered as mentioned above. Further variances totalling (£9k) on other expenditure budgets mean that Other Costs are forecast to be a total of £(83k) overspent.

#### 3.4 People and Performance – £37k favourable variance to budget.

Income is forecast to be £10k higher than budgeted.

People costs are forecast to be £31k underspent due to the recent structure changes within the division and also due the one post being held vacant.

#### 3.5 Financial Services (Includes Home Ownership) – £97k positive variance to budget.

Legal costs recovery is being anticipated at £(157k) below budget which is largely offset by lower than budgeted legal costs of £135k.

Additionally other income is forecast to be £43k higher than budget due to a £28k write on of historical balances older than six years and an additional £15k of income from the recharge of ICT services and rebates on the current mobile phone contract.

People costs are forecast to be £(4k) higher than budget.

Other costs are forecasting a £215k favourable variance to budget. This is mainly due to depreciation costs forecast at £71k lower attributed to projects such as EDMS workflows and other enhancements completed by September 2012. Legal costs are forecast at £135k lower than budget due to lower level of debt collection required for leaseholders and other SLA costs are forecast at £23k lower than budget for areas like cashier services from RBKC. However, ICT service costs are £(20k) higher than budgeted

due to some additional costs incurred for software maintenance and licenses.

#### **4 Balance Sheet on 28<sup>th</sup> February 2013.**

- 4.1 Trade debtors – Decrease of £88k. This reflects the increase in collections with a number of recharges and continued collection of CAS annual billing.
- 4.2 Trade creditors – Decrease of £57k. A reflection of the regular payment runs and paying all received invoices by due date.
- 4.3 Defined benefit pension scheme liability – The value is based on the FRS17 report dated 31st March 2012. A full valuation of the pension scheme was undertaken as at 31<sup>st</sup> March 2010 and completed in January 2011.

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

##### **Introduction**

The revised forecast for the year is projecting a £33.98 million income against the revised budget of £33.82 million income; this is a favourable variance of £160k.

The variances are explained below in more detail:-

##### **5.1 Total Income**

The income budgets are forecast to remain as per the Revised Budgets for 2012/13.

##### **5.2 Total Expenditure**

The revised forecast is £18.18 million against the revised budget of £18.34 million which is a favourable variance of £160k.

The variances are explained in more detail below:-

##### **5.2.1 Planned Maintenance is forecasting a favourable variance of £286k**

This comprises of underspends in Fire Alarms, Rewiring Works and Estate Lighting totalling £401k. This is due to difficulties with the main contractor. For these three budget areas the main contractor is the same and dissatisfaction around the quality of the work and contractual issues has resulted in the need to scale back some of the commitments with this contractor. Professional advice is being sought to establish how the contractor can be held to account and the options for appointing a new contractor to complete the outstanding works.

Central Programmed Heating Works, District Heating and Individual Heating – a total underspend of £472k resulting from the need to scale back the programme to offset the overspend in Individual Programmed Heating. The remaining underspend is part of the planned schedule of works for the capital programme.

Horticultural Improvements, Arboriculture Improvements and Estate Playground Maintenance – overspend of (£325k) in these budgets due to additional resources being identified as required under these budget areas. These additional resources will be provided for from underspends identified in other planned maintenance budgets above.

Individual Programmed Heating – an overspend of (£198k), due to the identification of maintenance requirements to a number of domestic boilers. There is a schedule of works planned under the capital programme to replace old boilers and high value maintenance work in the next few years. This is offset by underspend identified in the Individual Heating budget mentioned above.

Lifts – an overspend of (£55k) due to additional works required to ensure adherence to health and safety requirements.

5.2.3 Responsive Maintenance - is forecast to be overspent by (£121k).  
The variances are explained in more detail below.

This comprises of an increase in expenditure of (£57k) in Door Entry and CCTV due to a higher number of failures and some problems with vandalism. Lifts have an overspend of (£17k) due to a higher number of failures. Some additional planned works are being undertaken as a result of these.

Communal TV Aerials – an increase in expenditure of (£15k), this is due to more than anticipated call outs with regards to problems with aerials. Many of these costs relate to just call out charges.

The remaining (£32k) increase in expenditure consists of minimal variances across several budget lines.

The repairs contractor Morrison Facilities Services finished their working agreement in June 2012. Following negotiations, the TMO has successfully negotiated a final settlement with the previous contractor which was in line with the works that had been completed. No penalty charges for the early termination of the contract are payable. The settlement is in line with provisions that have been made in the accounts.

5.2.4 General Management - is forecast to be overspent by £(27k). This is mostly due to spend in Commercial Properties Consultancy fees for which there was previously no budget. The consultancy work was needed in

respect of some contractual work for some of the commercial lease agreements for the coming financial year.

- 5.2.5 Rents rates Taxes & Other Charges – an underspend of £29k due to a lower number of voids than projected leading to a decreased liability in NNDR.

## **6. HRA Managed Budgets (Capital Programme)**

- 6.1 The approved revised budget for 2012/13 is £9.26 million. The current year forecast is projected to be £9.09 million.
- 6.2 Projects are well underway and the revised forecast is expected to be delivered.
- 6.3 Spend to date has already reached £7.51million versus a spend of £5.71 million at the end of the same period in February 2012. This reflects the significant improvement in the management of the programme.

## **7. HRA Debt**

- 7.1 Tenant Debt – There is an increase in the tenant debt balance by £291k during this financial year. The increase was expected in light of the increase in the rent charges from the 2nd April 2012. The Rent income team continue to offer support where necessary to tenants whilst at the same time pursuing legal action where required.
- 7.2 Leaseholder Service Charges and Major Works – The debt has decreased by £1.28m (Service Charges £661k, Major Works £623k) .It is expected that both the service charge and major work debt will continue to fall in the foreseeable future as more payment plans are agreed and set up.

## **8. Conclusion**

- 8.1 The TMO Board is asked to note the contents of the above report.

**Rupa Bhola**  
**Assistant Director of Financial Services**

**TENANT MANAGEMENT ORGANISATION DIVISIONAL REPORTING**  
**BALANCE SHEET**  
**MANAGEMENT REPORTING FOR PERIOD ENDED 28th February 2013**  
All figures in £'000

BALANCE SHEET		POSITION AS AT	
		28th February 2013	31st Mar 2012
	<b>FIXED ASSETS</b>		
	Tangible assets	1,513	1,631
	<b>CURRENT ASSETS: amounts falling due within one year</b>		
	Trade debtors	167	255
	Less: provision for bad debts	<u>(2)</u>	<u>(47)</u>
		164	208
	Other debtors	206	192
	Prepayments and accrued income	<u>477</u>	<u>549</u>
	<b>Debtors</b>	<b>847</b>	<b>949</b>
	Cash at bank and in hand	<u>954</u>	<u>1,019</u>
		1,802	1,968
	<b>CREDITORS: amounts falling due within one year</b>		
	Trade creditors	212	269
	Corporation tax	<u>(42)</u>	42
	Other taxes and social security	258	268
	Other creditors	15	13
	Accruals and deferred income	<u>711</u>	<u>798</u>
		1,154	1,390
	<b>NET CURRENT ASSETS</b>	<b>648</b>	<b>578</b>
	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>2,162</b>	<b>2,209</b>
	<b>NET ASSETS BEFORE DEFINED BENEFIT PENSION SCHEME LIABILITY</b>	<b>2,162</b>	<b>2,209</b>
	Defined benefit pension scheme liability	<u>(11,928)</u>	<u>(11,928)</u>
	<b>TOTAL NET LIABILITIES, INCLUDING DEFINED BENEFIT PENSION SCHEME DEFICIT</b>	<b>(9,767)</b>	<b>(9,720)</b>
	<b>CAPITAL AND RESERVES</b>		
	Profit and loss account excluding pension scheme deficit	2,162	2,209
	Defined benefit pension scheme liability	<u>(11,928)</u>	<u>(11,928)</u>
	<b>Members' funds</b>	<b>(9,767)</b>	<b>(9,720)</b>



**TENANT MANAGEMENT ORGANISATION DIVISIONAL REPORTING**  
**TMO BOARD REPORT**  
**MANAGEMENT REPORTING FOR PERIOD ENDED 28th February 2013**  
*All figures in £'000*

DESCRIPTION	ANNUAL FORECAST				POSITION TO DATE		
	Budget (2012-13)	Forecast (Current Month)	Variance	% Variance	Budget YTD	Spend/ Income YTD	Variance from Budget to Date
	A	C	D (C-A)	E(D/A)	I	J	K(J-I)
Management Fees	9,844	9,831	(13)	-0%	9,023	9,011	(12)
Capital Programme Fee	502	502	0	0%	460	450	(10)
CAS Income	473	504	31	7%	434	472	38
Legal Costs Recovered	341	300	(41)	-12%	313	300	(13)
Other Income	648	720	72	11%	594	672	78
Digital TV Income	480	480	0	0%	440	326	(114)
<b>TOTAL INCOME</b>	<b>12,287</b>	<b>12,336</b>	<b>49</b>	<b>0%</b>	<b>11,263</b>	<b>11,231</b>	<b>(32)</b>
Staff Salaries	(7,906)	(6,788)	1,119	-14%	(7,247)	(6,237)	1,011
Agency costs	0	(1,259)	(1,259)	100%	0	(1,198)	(1,198)
Staff Related Costs	(247)	(257)	(10)	4%	(227)	(252)	(26)
<b>TOTAL PEOPLE COSTS</b>	<b>(8,154)</b>	<b>(8,303)</b>	<b>(150)</b>	<b>2%</b>	<b>(7,474)</b>	<b>(7,687)</b>	<b>(212)</b>
Accommodation	(658)	(654)	4	-1%	(603)	(584)	19
CAS Service Costs	(94)	(78)	16	-17%	(86)	(82)	4
Communication & Publication	(120)	(137)	(17)	14%	(110)	(129)	(19)
Consultants	(248)	(255)	(8)	3%	(227)	(226)	1
Depreciation	(422)	(342)	80	-19%	(386)	(310)	77
Digital TV	(480)	(480)	0	0%	(440)	(326)	114
Facilities Costs	(119)	(108)	10	-9%	(109)	(100)	9
ICT Service Costs	(487)	(507)	(20)	4%	(446)	(467)	(21)
Legal Costs (Non SLA)	(450)	(335)	115	-26%	(413)	(295)	118
Legal Costs (SLA)	(350)	(414)	(64)	18%	(321)	(369)	(49)
Service Delivery	(359)	(376)	(18)	5%	(329)	(319)	10
SLA Costs (excluding Legal)	(321)	(307)	14	-4%	(294)	(280)	14
<b>TOTAL OTHER COSTS</b>	<b>(4,106)</b>	<b>(3,992)</b>	<b>113</b>	<b>-3%</b>	<b>(3,764)</b>	<b>(3,488)</b>	<b>276</b>
<b>Surplus/(Deficit) before Tax ex Lanc West</b>	<b>28</b>	<b>41</b>	<b>13</b>	<b>46%</b>	<b>26</b>	<b>57</b>	<b>31</b>
<b>Lanc West</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>4</b>	<b>4</b>
<b>Transfer From Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Surplus/(Deficit) before Tax inc Lanc West</b>	<b>28</b>	<b>41</b>	<b>13</b>	<b>46%</b>	<b>26</b>	<b>61</b>	<b>35</b>

**EXCEPTION REPORTING - FORECAST AT +/- 10%**

● Cause for concern      ● Room for Improvement      ● Good

**TENANT MANAGEMENT ORGANISATION DIVISIONAL REPORTING**  
**LANCASTER WEST DIVISION**  
**MANAGEMENT REPORTING FOR PERIOD ENDED 28th February 2013**  
All figures in £'000

DESCRIPTION	ANNUAL FORECAST				POSITION TO DATE		
	Budget (2012-13)	Forecast (Current Month)	Variance	% Variance	Budget YTD	Spend/ Income YTD	Variance from Budget to Date
	A	C	D (C-A)	E (D/A)	I	J	K (J-I)
Management Fees	342	342	0	0%	314	314	0
Other Income	0	1	1	0%	0	2	2
<b>TOTAL INCOME</b>	<b>342</b>	<b>344</b>	<b>1</b>	<b>0%</b>	<b>314</b>	<b>316</b>	<b>2</b>
Staff Salaries	(265)	(237)	28	-11%	(243)	(218)	25
Agency costs	0	(37)	(37)	100%	0	(34)	(34)
Staff Related Costs	(4)	(3)	2	-35%	(4)	(1)	2
<b>TOTAL PEOPLE COSTS</b>	<b>(269)</b>	<b>(277)</b>	<b>(8)</b>	<b>3%</b>	<b>(247)</b>	<b>(254)</b>	<b>(7)</b>
Communication & Publication	(1)	0	1	-100%	(1)	0	1
Consultants	(1)	(1)	(0)	0%	(1)	0	1
Facilities Costs	(23)	(23)	0	-0%	(21)	(23)	(1)
ICT Service Costs	(11)	(8)	3	-32%	(10)	(4)	6
Legal Costs (Non SLA)	(1)	(3)	(2)	200%	(1)	(3)	(2)
Service Delivery	(36)	(32)	4	-11%	(33)	(28)	5
<b>TOTAL OTHER COSTS</b>	<b>(73)</b>	<b>(66)</b>	<b>7</b>	<b>-9%</b>	<b>(67)</b>	<b>(58)</b>	<b>9</b>
Surplus/(Deficit) before Tax	0	0	0	0%	0	4	4

**EXCEPTION REPORTING - FORECAST AT +/- 10%**

● Cause for concern      ● Room for Improvement      ● Good

**TENANT MANAGEMENT ORGANISATION DIVISIONAL REPORTING**  
**CEO DIVISION**  
**MANAGEMENT REPORTING FOR PERIOD ENDED 28th February 2013**  
All figures in £'000

DESCRIPTION	ANNUAL FORECAST				POSITION TO DATE		
	Budget (2012-13)	Forecast (Current Month)	Variance	% Variance	Budget YTD	Spend/ Income YTD	Variance from Budget to Date
	A	C	D (C-A)	E(D/A)	I	J	K(J-I)
Management Fees	9,759	9,759	(0)	-0%	8,945	8,945	(0)
<b>TOTAL INCOME</b>	<b>9,759</b>	<b>9,759</b>	<b>(0)</b>	<b>0%</b>	<b>8,945</b>	<b>8,945</b>	<b>(0)</b>
Staff Salaries	(699)	(758)	(59)	8%	(641)	(700)	(59)
Agency costs	0	(30)	(30)	100%	0	(30)	(30)
Staff Related Costs	(17)	(22)	(5)	29%	(16)	(21)	(6)
<b>TOTAL PEOPLE COSTS</b>	<b>(716)</b>	<b>(810)</b>	<b>(94)</b>	<b>13%</b>	<b>(656)</b>	<b>(751)</b>	<b>(95)</b>
Consultants	(140)	(140)	0	-0%	(128)	(117)	11
Facilities Costs	(41)	(35)	6	-15%	(38)	(38)	0
Legal Costs (Non SLA)	(15)	(25)	(10)	67%	(14)	(23)	(9)
Service Delivery	(60)	(71)	(11)	18%	(55)	(61)	(6)
<b>TOTAL OTHER COSTS</b>	<b>(256)</b>	<b>(271)</b>	<b>(15)</b>	<b>6%</b>	<b>(235)</b>	<b>(238)</b>	<b>(4)</b>
Surplus/(Deficit) before Tax	8,787	8,678	(109)	-1%	8,054	7,956	(99)

**EXCEPTION REPORTING - FORECAST AT +/- 10%**

● Cause for concern    ● Room for Improvement    ● Good

**TENANT MANAGEMENT ORGANISATION DIVISIONAL REPORTING**  
**CUSTOMER SERVICES DIVISION**  
MANAGEMENT REPORTING FOR PERIOD ENDED 28th February 2013  
All figures in £'000

DESCRIPTION	ANNUAL FORECAST				POSITION TO DATE		
	Budget (2012-13)	Forecast (Current Month)	Variance D (C-A)	% Variance E(D/A)	Budget YTD	Spend/ Income YTD	Variance from Budget to Date K(J-I)
	A	C	D (C-A)	E(D/A)	I	J	K(J-I)
Capital Programme Fee	502	502	0	0%	460	450	(10)
CAS Income	473	504	31	7%	434	472	38
Legal Costs Recovered	51	167	116	228%	47	167	120
Management Fees	85	72	(13)	-15%	78	66	(12)
Other Income	382	401	19	5%	350	372	22
<b>TOTAL INCOME</b>	<b>1,493</b>	<b>1,646</b>	<b>153</b>	<b>10%</b>	<b>1,368</b>	<b>1,526</b>	<b>158</b>
Staff Salaries	(4,900)	(3,868)	1,032	-21%	(4,491)	(3,541)	951
Agency costs	0	(1,114)	(1,114)	100%	0	(1,061)	(1,061)
Staff Related Costs	(6)	(6)	(0)	3%	(6)	(3)	2
<b>TOTAL PEOPLE COSTS</b>	<b>(4,906)</b>	<b>(4,989)</b>	<b>(83)</b>	<b>2%</b>	<b>(4,497)</b>	<b>(4,605)</b>	<b>(108)</b>
Accommodation	(45)	(45)	0	0%	(41)	(41)	0
CAS Service Costs	(94)	(78)	16	-17%	(86)	(82)	4
Communication & Publication	(29)	(40)	(12)	40%	(26)	(45)	(18)
Consultants	(107)	(115)	(8)	7%	(99)	(109)	(11)
Depreciation	(65)	(59)	6	-9%	(60)	(54)	5
Facilities Costs	(5)	(7)	(2)	39%	(5)	(7)	(2)
ICT Service Costs	(2)	(2)	0	-2%	(2)	(0)	1
Legal Costs (Non SLA)	(225)	(195)	30	-13%	(206)	(162)	44
Legal Costs (SLA)	(250)	(354)	(104)	42%	(229)	(319)	(90)
Service Delivery	(185)	(186)	(1)	1%	(170)	(168)	1
SLA Costs (excluding Legal)	(207)	(216)	(9)	4%	(190)	(196)	(6)
<b>TOTAL OTHER COSTS</b>	<b>(1,215)</b>	<b>(1,297)</b>	<b>(83)</b>	<b>7%</b>	<b>(1,113)</b>	<b>(1,184)</b>	<b>(71)</b>
Surplus/(Deficit) before Tax	(4,628)	(4,640)	(12)	0%	(4,242)	(4,262)	(20)

**EXCEPTION REPORTING - FORECAST AT +/- 10%**

● Cause for concern      ● Room for Improvement      ● Good

**TENANT MANAGEMENT ORGANISATION DIVISIONAL REPORTING**  
**PEOPLE AND PERFORMANCE DIVISION**  
**MANAGEMENT REPORTING FOR PERIOD ENDED 28th February 2013**  
All figures in £'000

DESCRIPTION	ANNUAL FORECAST				POSITION TO DATE		
	Budget (2012-13)	Forecast (Current Month)	Variance	% Variance	Budget YTD	Spend/ Income YTD	Variance from Budget to Date
	A	C	D (C-A)	E(D/A)	I	J	K(J-I)
Other Income	2	13	10	0%	2	14	12
<b>TOTAL INCOME</b>	<b>2</b>	<b>13</b>	<b>10</b>	<b>0%</b>	<b>2</b>	<b>14</b>	<b>12</b>
Staff Salaries	(1,036)	(904)	132	-13%	(950)	(838)	112
Agency costs	0	(98)	(98)	100%	0	(93)	(93)
Staff Related Costs	(212)	(216)	(4)	2%	(194)	(217)	(23)
<b>TOTAL PEOPLE COSTS</b>	<b>(1,248)</b>	<b>(1,217)</b>	<b>31</b>	<b>-2%</b>	<b>(1,144)</b>	<b>(1,148)</b>	<b>(4)</b>
Communication & Publication	(72)	(72)	(0)	0%	(66)	(56)	10
Depreciation	(27)	(24)	3	-11%	(25)	(22)	3
Facilities Costs	(1)	(1)	(0)	0%	(1)	(1)	(0)
Legal Costs (Non SLA)	(20)	(20)	0	-0%	(18)	(15)	3
Service Delivery	(75)	(80)	(5)	7%	(69)	(59)	9
SLA Costs (excluding Legal)	0	(1)	(1)	0%	0	(1)	(1)
<b>TOTAL OTHER COSTS</b>	<b>(194)</b>	<b>(198)</b>	<b>(4)</b>	<b>2%</b>	<b>(113)</b>	<b>(99)</b>	<b>14</b>
<b>Surplus/(Deficit) before Tax</b>	<b>(1,439)</b>	<b>(1,402)</b>	<b>37</b>	<b>-3%</b>	<b>(1,254)</b>	<b>(1,232)</b>	<b>22</b>

**EXCEPTION REPORTING - FORECAST AT +/- 10%**

● Cause for concern      ● Room for Improvement      ● Good

**TENANT MANAGEMENT ORGANISATION DIVISIONAL REPORTING**  
**FINANCE DIVISION**  
**MANAGEMENT REPORTING FOR PERIOD ENDED 28th February 2013**  
All figures in £'000

DESCRIPTION	ANNUAL FORECAST				POSITION TO DATE		
	Budget (2012-13)	Forecast (Current Month)	Variance	% Variance	Budget YTD	Spend/ Income YTD	Variance from Budget to Date
	A	C	D (C-A)	E (D/A)	I	J	K (J-I)
Legal Costs Recovered	290	133	(157)	-54%	266	134	(132)
Other Income	264	307	43	16%	242	285	43
Digital TV Income	480	480	0	0%	440	326	(114)
<b>TOTAL INCOME</b>	<b>1,034</b>	<b>919</b>	<b>(114)</b>	<b>-11%</b>	<b>948</b>	<b>745</b>	<b>(202)</b>
Staff Salaries	(1,272)	(1,258)	14	-1%	(1,166)	(1,158)	7
Agency costs	0	(17)	(17)	100%	0	(14)	(14)
Staff Related Costs	(12)	(13)	(1)	4%	(11)	(11)	1
<b>TOTAL PEOPLE COSTS</b>	<b>(1,284)</b>	<b>(1,288)</b>	<b>(4)</b>	<b>0%</b>	<b>(1,177)</b>	<b>(1,183)</b>	<b>(6)</b>
Accommodation	(613)	(609)	4	-1%	(562)	(542)	19
Communication & Publication	(20)	(25)	(5)	25%	(18)	(28)	(10)
Depreciation	(330)	(259)	71	-21%	(302)	(234)	68
Digital TV	(480)	(480)	0	0%	(440)	(326)	114
Facilities costs	(72)	(65)	7	-9%	(66)	(55)	10
ICT Service Costs	(485)	(504)	(20)	4%	(444)	(467)	(22)
Legal Costs (Non SLA)	(190)	(95)	95	-50%	(174)	(94)	80
Legal Costs (SLA)	(100)	(60)	40	-40%	(92)	(50)	41
Service Delivery	(39)	(39)	(0)	1%	(36)	(30)	5
SLA Costs (excluding Legal)	(113)	(90)	23	-21%	(104)	(83)	21
<b>TOTAL OTHER COSTS</b>	<b>(2,441)</b>	<b>(2,226)</b>	<b>215</b>	<b>-9%</b>	<b>(2,238)</b>	<b>(1,911)</b>	<b>327</b>
<b>Surplus/(Deficit) before Tax</b>	<b>(2,691)</b>	<b>(2,595)</b>	<b>97</b>	<b>-4%</b>	<b>(2,467)</b>	<b>(2,348)</b>	<b>119</b>




**EXCEPTION REPORTING - FORECAST AT +/- 10%**

● Cause for concern      ● Room for Improvement      ● Good

**TENANT MANAGEMENT ORGANISATION REPORTING**  
**HRA BOARD REPORT**  
MANAGEMENT REPORTING FOR PERIOD ENDED 28th February 2013  
All figures in £'000

HRA MANAGED BUDGETS	ANNUAL FORECAST					POSITION TO DATE		
	Budget (Revised)	Forecast (Current Month)	Variance from Revised Budget	% Variance from Revised Budget		Revised Budget YTD	Spend/Income YTD	Variance from Budget to Date
	B	C	E (C - B)	F (C/A)		H	I	J(I-H)
Dwelling Rents	38,293	38,293	0	0%		35,102	35,428	325
Tenant Service Charges	4,218	4,218	0	0%		3,866	3,903	37
Leaseholder Service Charges	3,746	3,746	0	0%		3,434	3,577	143
Heating & Hot Water Charges	2,304	2,304	0	0%		2,112	1,681	(431)
Commercial Properties Rent Income	2,822	2,822	0	0%		2,587	2,813	226
Garage Rent Income	677	677	0	0%		621	642	22
Other Charges for Services & Facilities	79	79	0	0%		73	65	(8)
Supporting People Contract Income	26	26	0	0%		24	24	0
<b>Total Income</b>	<b>52,165</b>	<b>52,165</b>	<b>0</b>	<b>0%</b>		<b>47,818</b>	<b>48,132</b>	<b>315</b>
Rents, Rates, Taxes and Other Charges	(162)	(133)	29	-18%		(149)	(114)	34
Planned Maintenance	(5,061)	(4,775)	286	-6%		(4,639)	(3,230)	1,409
Responsive Maintenance	(5,228)	(5,349)	(121)	2%		(4,792)	(5,065)	(272)
Planned Response Repairs	(100)	(100)	0	0%		(92)	(98)	(6)
Electricity, Heating & Hot Water	(3,213)	(3,213)	0	0%		(2,946)	(784)	2,162
Provision for Bad and Doubtful Debts	(298)	(298)	0	0%		(273)	(148)	125
Legal Costs	(204)	(204)	0	0%		(187)	(204)	(17)
Contract Cleaning	(2,158)	(2,158)	0	0%		(1,978)	(1,685)	294
Pest Control	(225)	(225)	0	0%		(206)	(191)	16
Refuse Collection	(141)	(141)	0	0%		(129)	(153)	(24)
General Management	(625)	(660)	(35)	6%		(573)	(450)	123
Supporting People expenditure	(246)	(246)	0	0%		(225)	(264)	(39)
Digital TV Costs	(480)	(480)	0	0%		(440)	(194)	246
Area Revenue Works	(200)	(200)	0	0%		(183)	(107)	76
<b>Total Expenditure</b>	<b>(18,340)</b>	<b>(18,182)</b>	<b>158</b>	<b>-1%</b>		<b>(16,812)</b>	<b>(12,686)</b>	<b>4,126</b>
Transfer To/From Reserves (HRA)	0	0	0	0		0	0	0
<b>Net Income/(Expenditure)</b>	<b>33,825</b>	<b>33,983</b>	<b>158</b>	<b>6%</b>		<b>31,006</b>	<b>35,447</b>	<b>4,441</b>

**EXCEPTION REPORTING**

 Cause for concern
 Room for improvement
 Good

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**TENANT MANAGEMENT ORGANISATION REPORTING**  
**HRA - CAPITAL PROGRAMME MONITORING**  
**MANAGEMENT REPORTING FOR PERIOD ENDED 28th February 2013**

PROJECT NAME	Revised Budget 2012-13	Forecast (Current Month)
Communal Plant Replacement Programme -Nursery Lane & Burgess Field	700,000	701,534
Renewal Of Individual Gas Boilers - Phase 2	1,020,000	1,020,964
Adaptation works	253,000	251,083
Fire Risk Assessments (Boroughwide)	50,000	51,900
Flooring To Communal Areas (Boroughwide)	12,000	12,200
Renewal Of Distribution Of Equipment/sub Main Cables	120,000	100,000
Trellick Tower Phase 5: Lift Refurbishment	300,000	294,780
Trellick Tower Phase 3a - Emergency Lighting	105,000	109,710
Replacement Water Storage Tanks	656,000	574,307
Rising Mains (Electrical) - Apollo, Manning and Elm Park	183,000	124,390
Minor Capital Works (31 Tadema Road and 155 Notting Hill Gate)	60,000	56,400
Various Boroughwide Kitchens & Bathrooms replacement programme	3,300,000	3,443,902
Capitalised External Decs 2012/13	65,000	74,069
<b>TOTAL</b>	<b>6,824,000</b>	<b>6,815,239</b>
<b>COMMITTED BUT NOT CONTRACTED</b>	<b>633,000</b>	<b>497,511</b>
<b>MISCELLANEOUS</b>	<b>430,000</b>	<b>473,645</b>
<b>COMPLETED PROJECTS</b>	<b>1,300,073</b>	<b>1,253,074</b>
<b>PROCUREMENT FOR 2013/14</b>	<b>74,000</b>	<b>48,232</b>
<b>GRAND TOTAL</b>	<b>9,261,073</b>	<b>9,087,701</b>

**TENANT MANAGEMENT ORGANISATION REPORTING**  
**MANAGEMENT REPORTING FOR PERIOD ENDED 28th February 2013**  
**HRA DEBT POSITION**  
**All figures in £'000**

Description	Last 3 Years				End April 2012 £	End November 2012 £	End December 2012 £	End January 2013 £	End February 2013 £
	End March 2009 £	End March 2010 £	End March 2011 £	End March 2012 £					
	Tenant	1,714,677	1,463,370	1,053,849					
Leasehold - Service Charges	1,779,274	1,538,404	1,350,147	1,193,813	830,549	588,606	1,179,346	741,485	532,904
Leasehold - Major Works	5,482,059	4,582,968	3,126,213	2,236,309	2,107,527	1,781,234	1,792,813	1,689,154	1,613,639
<b>Total Debt</b>	<b>8,976,009</b>	<b>7,584,742</b>	<b>5,530,209</b>	<b>4,652,984</b>	<b>4,301,204</b>	<b>3,814,271</b>	<b>4,577,417</b>	<b>3,962,070</b>	<b>3,659,593</b>

Current Payment Plans AT 28th February 2013

Leasehold - Service Charges	£121,311
Leasehold - Major Works	£367,480
<b>Total</b>	<u>£488,790</u>

**TENANT MANAGEMENT ORGANISATION REPORTING**  
**HRA - AREA REVENUE WORKS**  
MANAGEMENT REPORTING FOR PERIOD ENDED 28th February 2013  
All figures in £'000

DESCRIPTION	Reserves /	2012/13	2012/13 Total	Actual Spend Year to Date	Carry Forward to 2013/14
	Allocation Brought Forward	Annual Budget (Original)	Funds Available		
	A	B	C (A+B)	D	
LANCASTER WEST	(22)	(24)	(45)	0	(45)
KENSAL	(0)	(24)	(24)	25	1
NORTH KENSINGTON	1	(24)	(23)	14	(9)
NOTTINGHILL	(10)	(24)	(34)	3	(31)
PORTOBELLO	(12)	(24)	(36)	17	(19)
BROMPTON	(22)	(28)	(50)	2	(48)
CHELSEA	(2)	(28)	(30)	39	9
WORLDS END	0	(15)	(14)	0	(14)
SHELTERED	(4)	(10)	(14)	9	(5)
UNALLOCATED	(17)	0	(17)	0	(17)
<b>AREA REVENUE WORKS BUDGET</b>	<b>(88)</b>	<b>(200)</b>	<b>(288)</b>	<b>109</b>	<b>(179)</b>
TMO REGENERATION ALLOCATION	(58)	0	(58)	0	(58)
<b>GRAND-TOTAL</b>	<b>(146)</b>	<b>(200)</b>	<b>(346)</b>	<b>109</b>	<b>(237)</b>