



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

**Meeting of the Board of Directors of the Company**

**to be held on Thursday 24 November 2016**

**at 6.30pm**

**Board Room, 346 Kensington High Street,**

**London W14 8NS**



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

## AGENDA

Meeting of the Board of Directors ("Board") of the Company  
to be held on Thursday 24 November 2016 at 6.30pm  
at Board Room, 346 Kensington High Street, London W14 8NS

Agenda Item	Report Name	Presenter	Action	Enclosure
<b>PART A - OPEN</b>				
1.	Notice, Apologies* and Quorum	Chair	-	-
2.	Declarations of Interest*	Chair	-	-
3.	Minutes of the meeting held on 29 September 2016	Chair	Approval	✓
4.	Matters Arising <i>There were no matters arising - 29 September 2016</i>	Chair	-	-
5.	Chair's Report	Chair	Information	✓
6.	RBKC Mid-Year Review Report	Amanda Johnson RBKC Head of Housing Commissioning	Discussion	✓
7.	Performance Report – Q2 2016	Yvonne Birch Executive Director of People, Performance & Governance	Discussion	✓
<b>PART B - CONFIDENTIAL</b>				
8.	Minutes of Confidential Meeting held on 29 September 2016	Chair	Approval	✓
9.	Matters Arising	Chair	Discussion	✓
10.	Chief Executive's Report	Robert Black Chief Executive	Discussion	✓

11.	Budget Monitoring Report - Q2 2016	Rupa Bhola Assistant Director of Financial Services	Discussion	✓
12.	Letting of Trellick Tower Contract	Peter Maddison Director of Assets and Regeneration	Decision	✓
13.	Letting of the Materials Contract for Repairs Direct Limited	Graham Webb Managing Director Repairs Direct Ltd	Decision	✓
14.	Corporate Risk Map 2016-2017- Report	Janet Seward Policy Adviser	Approval	✓
15.	Business Plan 2014-2017 Delivery Plan Update to include Asset Management Strategy Update	Stuart Hill Assistant Director of Policy and Performance	Discussion	✓
16.	Committee Minutes:  <ul style="list-style-type: none"> <li>Finance, Audit and Risk Committee 19 October 2016</li> <li>Operations Committee 27 October 2016</li> </ul> Subsidiary Company Minutes:  <ul style="list-style-type: none"> <li>Repairs Direct Ltd 15 September 2016 8 November 2016</li> </ul>	Company Secretary	Information	✓
17.	AOB	Chair	-	-
18.	Date of the next meeting: 10 January 2017			

**Notes:**

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

## **PART A- OPEN**



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

Minutes of a meeting of the Board of Directors ('Board') of the Company held  
 on the 29 September 2016 at 6.30pm  
 at 346 Kensington High Street, London W14 8NS

**PRESENT:**

**Resident Board Members**      Fay Edwards (Chair)  
    Alan Barnett  
    Mary Benjamin  
    Anne Duru  
    Maria Escudero-Barbaza  
    Minna Korjonen  
    Sharon Price  
    Derek White

**Council-Nominated Board Members**      Councillor Judith Blakeman  
    Paula Fance

**Independent Board Members**      Simon Brissenden  
    Anthony Preiskel

**APOLOGIES:**      Councillor Maighread Condon-Simmonds

**IN ATTENDANCE:**

Robert Black	Chief Executive
Yvonne Birch	Executive Director of People, Performance & Governance
Sacha Jevans	Executive Director of Operations
Barbara Matthews	Executive Director of Financial Services & ICT
Peter Maddison	Director of Assets & Regeneration
Rupa Bhola	Assistant Director, Financial Services
Graham Webb	Managing Director, Repairs Direct
Gill Petford	Executive Manager (Minutes)
Truda Scriven	Interim Company Secretary (Designate)

## 1. NOTICE, APOLOGIES AND QUORUM

- 1.1 It was confirmed that the notice of the meeting had been duly issued to the members of the Board entitled to receive notice and attend board meetings.
- 1.2 Apologies had been received from Cllr. Maighread Condon-Simmonds.
- 1.3 The meeting was quorate according to the provisions of the Articles of Association of the Company.

## 2. RETIREMENT AND APPOINTMENT OF RESIDENT BOARD MEMBERS

- 2.1 The retirements and appointments to the Board were stated in accordance with to the Articles of Association of the Company.
- 2.2 It was **RESOLVED TO:**
  - (i) Note the retirement of Anne Duru, Fay Edwards, Kush Kanodia, Deborah Price and Brendan Tracey as Resident Board Members as of 17 September 2016.
  - (ii) Note the re-election of Anne Duru and Fay Edwards by the members, as Resident Board members;
  - (iii) Note the election of Alan Barnett, Minna Korjonen, Sharon Price, and Derek White by the members, as a Resident Board Members;
  - (iv) Reappoint Anne Duru and Fay Edwards and appoint Alan Barnett, Minna Korjonen, Sharon Price and Derek White as directors of the Company as of 17 September 2016; and
  - (v) Authorise the Company Secretary to update the statutory registers of the Company and make the necessary filings to the Registrar of Companies in respect of the appointments.

## 3. RE-APPOINTMENT OF COUNCIL-NOMINATED BOARD MEMBERS

- 3.1 A report on the re-appointment of Council-Nominated Board Members had been circulated.
- 3.2 It was **RESOLVED TO:**
  - (i) Note the retirement of
    - Councillor Maighread Condon-Simmonds;
    - Paula Fance;
    - Jeff Zitron; and
    - Councillor Judith Blakeman
 from the Board pursuant to the Articles of Association of the Company, as of the date of the meeting;
  - (ii) Note the Council's nomination of Councillor Maighread Condon-Simmonds, Paula Fance and Councillor Judith Blakeman, as its nominees on the Board until the date of the Annual General Meeting of the Company in 2017; and
  - (iii) Re-appoint Councillor Maighread Condon-Simmonds, Paula Fance, and Councillor Judith Blakeman, as Council-Nominated Board Members with effect from the date of the AGM.

#### 4. ELECTION OF CHAIR & VICE CHAIR

- 4.1 A report to the Board on the election of Chair and Vice Chairs of the Board had been circulated:
- (i) The nomination process for Chair had resulted in one candidate. There were four candidates for the two Vice Chair roles, Mary Benjamin received 12 votes, Anne Duru 6 votes, Derek White 3 votes and Maria Escudero-Barbaza 3 votes.
- 4.2 It was **RESOLVED** to:
- (i) Appoint Fay Edwards as Chair of the Board
  - (ii) Appoint Mary Benjamin and Anne Duru as Vice Chairs

#### 5. DECLARATIONS OF INTEREST

- 5.1 There were no declarations of interest in conflict with the items on the agenda. All declarations of interest were noted as being held on the Register of Director Interests.

#### 6. MINUTES OF THE MEETING HELD ON 20 JULY 2016

- 6.1 The minutes of the meeting held on 20 July 2016 were **APPROVED** as a true and accurate record of the meeting.

#### 7. MATTERS ARISING

- 7.1 The Board **NOTED** the updates to the schedule of matters arising.

#### 8. CHIEF EXECUTIVE'S REPORT

- 8.1 An induction programme would be put together for the new members of the Board and would be offered to all Board Members.
- 8.2 The work at Adair Tower to fit new doors and self-closers had now been completed. An audit had been carried out by the London Fire Brigade following the works. No feedback had yet been received but no concerns were apparent while the London Fire Brigade was on site. The Chief Executive had visited Adair Tower recently and was very impressed with the work being carried out.
- 8.3 Following the fire in a block of flats in Shepherd Bush caused by a faulty tumble dryer, it was asked if residents had been warned about these tumble dryers. An article had gone in the Link detailing the details of the particular dryers. This would also be followed up through work with the RAs and Compacts to spread the information.
- 8.4 The London Fire Brigade had asked for the names and addresses of all the residents so they could speak to them about why they called the Fire Brigade, which was contrary to the 'stay put' policy operated. The RBKC had been informed at all stages of this investigation as well as their solicitors. No timeline had been made available from the London Fire Brigade as to when the report would be completed.



8.5 The merged elections and AGM had gone well. The number of members voting was 1,217 which was the highest ever. The vote for KCTMO to continue to manage the homes was excellent at 98.3%. There were no more elections now for two years. The Residents' Conference went well and the Chief Executive thanked the Board Members and staff for attending. It was felt that it worked better having the AGM in the morning.

8.6 The Chief Executive confirmed that he would share details of a plan by Nottingham City Council regarding void properties and pay to stay if he received a copy. A spreadsheet model had been produced to see the cost and implications of pay to stay. It was noted that everyone was trying to better understand what the implications were. The KCTMO void turnover was 1½% which was very low.

8.7 A housing update would be included in the induction for new Board Members.

## 9. PERFORMANCE REPORT – Q1

9.1 A report to the Board to update them on Quarter 1 Performance had been circulated.

9.2 At the Board Member Induction currently being planned, there would be a session on the KPIs so that everyone understood the data being collected and how it was reported.

9.3

- Repairs Direct was meeting all its targets and had recorded its highest quarterly performance.
- Voids & Lettings were not achieving their targets but this was due to the amount of voids currently held.
- Gas Servicing –only one property was without a current CP12 and a warrant had been issued in order to gain access to get this done.
- Complaint responses were below target but this was attributed to the introduction of the CRM system. Staff were getting used to the new system as well as working on W2 at the same time. Cllr Blakeman stated that she regularly sent in enquiries and complaints on behalf of her constituents, but she did not get a direct response as the TMO policy was write to the resident and not the councillor. It was confirmed that if authority was given by the resident to release information (including personal data) to the councillor then the outcome of the enquiry or complaint could be issued. The Executive Director of People, Performance and Governance would re-issue the agreed procedure to Cllr Blakeman.

9.4 Targets were confirmed as being set at the end of Quarter 3 in discussion with officers and to take into account previous performance plus any changes coming in. Where possible targets were benchmarked against neighbouring authorities and then were issued to the Board for approval.

9.5 The performance report for Q1 was **NOTED**.

.....  
Chair

.....  
Date



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

Open	
For Information	
Board Report 24 November 2016	
Report title:	CHAIR’S REPORT

Since being re-elected to Chair in September I have been busy having regular meetings with Robert Black and Yvonne Birch to keep me updated on the business of the TMO. I have also started a series of one-to-ones with all Board members to have a fairly informal chat about any issues they may want to discuss.

The Vice-Chairs and I met together on 26 October 2016 to discuss emerging issues and how we should work together.

I was invited to open our new office – Latimer Office on the 8 November 2016 which has been updated and modernised from the old Lancaster West Office. After some drinks and nibbles I unveiled the beautiful plaque in the reception. It was lovely to see so many residents there as well as Board Members from the area and Councillors.

On Friday 11 November 2016 a Board away-day was held at the Grange Strathmore Hotel in South Kensington. The day, facilitated by Altair consultancy, was intended to serve as a team-building exercise and an opportunity for Board Members to develop their understanding of good governance through a presentation and group exercises exploring this topic. This was felt to be appropriate as the Board has a number of new members, but it also served as a refresher for existing Board members. The day also featured a site visit to Trellick Tower, which is the subject of a Board report to this meeting seeking approval for substantial investment. It was an enjoyable and informative day for all involved, and Board Members and members of the Executive Team were left with a better developed understanding of good governance and improved relationships with other members of the Board and the Executive.

Finally, on the 15 November 2016 Barbara Matthews and I joined the remembrance day parade in Chelsea and I had the honour of laying the wreath at the memorial in Sloane Square, on behalf of the TMO.

**Fay Edwards**

**THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA**

**HOUSING AND PROPERTY SCRUTINY COMMITTEE**

**16 NOVEMBER 2016**

**REPORT BY THE DIRECTOR OF HOUSING AND TOWN CLERK AND  
EXECUTIVE DIRECTOR OF FINANCE**

**MID YEAR REVIEW ON TMO PERFORMANCE AGREEMENT 2016/17**

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

**FOR INFORMATION**

**1. Executive Summary**

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

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

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

### **FOR INFORMATION**

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

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

Background papers used in the preparation of this Report:

None

Officer contact:

Celia Caliskan, General Needs Housing Commissioning Manager

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

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

1.	<p><b>Executive Summary</b></p> <ul style="list-style-type: none"> <li>• 5 PIs are on target (repairs, relets and homeownership collection rates), 4 PIs are below targets (rent collection rates and capital programme), and 3 will not be collected until the year end</li> <li>• Audits are planned and on-going</li> <li>• The TMO is working to reduce the impact of welfare reform, including Universal Credit, by advising tenants and getting people in to work or training</li> <li>• Investment decisions are being reconsidered in order to maintain the stock, whilst there is a reduction in the amount of money available</li> <li>• Other key priorities that the TMO is working with the Council on are; income generation and income collection from the commercial portfolio; diversification of the tenure of the stock to provide temporary accommodation, market and intermediate rented units whilst regeneration programmes are considered; health and safety; access for residents to advice, training and IT services, and continued provision of high quality housing management services.</li> </ul>
2.	<p><b>Purpose of the Report</b></p> <p>This report sets out how the performance of the TMO will be monitored over the next year in accordance with the Council's priorities and national and local drivers.</p> <p>This agreement will be reviewed mid-year and a progress report will be produced for Scrutiny Committee following the end of the second quarter.</p> <p>The following tables show the different work streams that form the service delivery plan for the Council and the TMO, designed to deliver the Performance Agreement. More detail on the project work can be provided if required.</p>



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

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

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

3.3	<b>Respond to the impact of welfare reform</b>	
3.3.1	Universal credit being paid directly to tenants.	<p>Universal Credit (UC) was introduced in the borough from 9<sup>th</sup> November 2015 for single claimants. The TMO has seen a steady increase in the number of claimants, which is currently impacting 41 households. Of these we have 19 that are on Alternative Payment Arrangements following them accruing arrears.</p> <p>Rent Income and Welfare Reform Officers have had additional training on UC and other welfare reform changes to ensure the best advice is given to residents. Further training is due in December by the DWP to further promote the working relationship between agencies.</p> <p>The Welfare Reform Officers have been making contact with those residents likely to be affected by the reduction in the Benefit Cap, offering one-to-one support and advice on their options to afford any shortfall in Welfare payments.</p> <p>As part of a review of the work conducted by the Welfare Reform Officers, the TMO has incorporated this service into the Rent Income Team, from the Neighbourhood Management team. Due to an increased focus in mitigating the risk of UC on rental income, it was important to ensure the Rent Income Team have the right support to manage UC cases. Therefore, the Welfare Reform Service now sits within the Rent Income team, which should enhance the service offered to residents, with relevant support given before taking any enforcement action.</p>
3.3.2	Work will need to continue on long-term solutions around households that may need to consider moving to smaller accommodation or cheaper areas because their current housing is no longer affordable.	<p>Further work is to be undertaken to address the impact of the introduction of the LHA shared room rate for under 35's from April 2018. Although there is time to plan for this, it will have a significant impact on single tenants claiming HB that have moved in from April 2016 and who will be under 35 in April 2018. The main likelihood is that depending on rental levels, there may be affordability issues. Joint working has already taken place with RBKC to manage this from an allocation and policy perspective.</p>

3.3.3	The TMO will continue to work with the Council on the delivery of support for workless tenants and households	<p>The TMO's first roadshow of the year took place in May at the Lancaster West estate. The event included an employment and training area where people could get advice, and a 'Jobs Board' detailing a range of available local jobs. 287 people attended the whole day, with 19 people specifically registering with the employment section, though others are likely to have passed through.</p> <p>As part of the procurement framework agreement the TMO has to deliver its major works projects, a range of employment and training related projects are being run by the suppliers.</p> <p>In the first two quarters of 2016, the two contractors, Wates and Keepmoat, have provided or achieved the following:</p> <ul style="list-style-type: none"> <li>• Paid Jobs Created – 2 on-going</li> <li>• Training &amp; Work Experience – 4 people working or training for a total of 604 hours Labour/Employment – 11 people residing within the Borough, 52 residing in adjacent Boroughs and 79 falling outside of the above categories</li> <li>• Resident Training – 155 people training for a total of 1,914 hours (see below for brief summary)</li> <li>• Community Support – 27 events and a total of £3,200 in donations</li> <li>• Supply Chain Training – 28 people training for a total of 124 hours</li> </ul> <p>Resident Training has included; H&amp;S Awareness, Equality &amp; Diversity, Customer Care, Fire Marshall – training for unemployed Residents; Smartphone Training for over 50's, TMO Youth Involvement Group, Building Futures Course, Children's Forum Workshop.</p>
3.4	<b>Investing in the Borough's Stock</b>	
3.4.1	The TMO will continue to work with the Council on the HRA business planning and asset management	The TMO and Council are working jointly to meet the HRA Business Plan agreed in January 2016; see the Capital Investment section below.



		<p>The process of reviewing and updating the priorities will begin shortly for the 2017-18 financial year. This will be taken to Cabinet and Scrutiny in January. Many of the priorities will remain, however the financial implications of the high value voids levy are not yet known and could have a significant impact on the HRA Business Plan.</p>
3.4.2	<p>The TMO will continue to work with the Council on asset management projects.</p>	<p><b>Capital Investment</b></p> <p>The 2016/17 programme has been revised from £16m to £13m in Quarter 2. This reflects the need to consider whether lifts and windows should be replaced rather than repaired. An alternative approach to both lifts and windows renewal is being considered. Decisions would be taken on an individual basis and would take into account a number of factors, including the financial implications for the HRA over the medium to long term. This approach carries some risk relating to whether leasehold charges can be recovered under the terms of the leases and legal opinion has been sought on this point.</p> <p><b>Trellick Tower</b></p> <p>The scope of works includes;</p> <ul style="list-style-type: none"> <li>• Concrete repairs to the fabric of the building</li> <li>• Repairs and restoration of all flat windows and replacement of the communal windows (Crittell windows)</li> <li>• Repairs to roof coverings to the service tower and lower block roofs</li> <li>• Decorations to all previously painted surfaces will also be included as part of the scope of works – windows, balcony railings and cedar wood cladding.</li> </ul> <p>The current estimated cost is £7.3m. The procurement process to establish firm costs is reaching the final stage. Wates has submitted the competitively tendered subcontractor packages of works to consultant, Baily Garner, who are reviewing and will report on the value for money position.</p>

		<p>A resident consultation meeting was held on 12<sup>th</sup> October and was attended by 10 households. There was a wide range of questions relating to the above and some helpful pointers on issues for the Project Team to investigate further. A newsletter will shortly be sent to all residents containing the information presented at the meeting and also a Q and A section reflecting some of the issues raised. The Home Ownership team will hold a separate meeting for leaseholders when the S 20 process commences.</p> <p>The current programme is;</p> <ul style="list-style-type: none"> <li>• Completion of value for money review and report by Baily Garner for our consideration – end of October</li> <li>• Planning approval - November</li> <li>• Issue S 20 Notices – mid November</li> <li>• Seek Board approval for the issue of the formal works order – end November</li> <li>• Issue of formal works order – late December</li> <li>• Start on Site – mid / late January</li> </ul> <p><b>Hidden Homes</b></p> <p>Holmefield House – one unit from a converted office will be completed shortly. Feasibility studies are being undertaken at 3 other sites.</p> <p><b>91 Tavistock Crescent</b></p> <p>8 new units will be delivered by the end of March 2017. The property containing the 8 units was formerly leased to Westminster Housing Cooperative for short life housing.</p> <p><b>The Housing Regeneration Programme</b></p>
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		At the October HRA meeting it was reported that the HRP programme is on track to deliver £125k of investment, match funded by £18k of Area Review Board (ARB) funding. This will deliver three new projects by the year end in line with residents' association priorities that met the HRP criteria.
3.4.4	Working with the Council to improve the quality and supply of TA	There have been a number of buy backs on estates earmarked for regeneration which are being used as TA. The process of identification and preparation is involved but is working well between the TMO and RBKC to ensure the units are good quality. Further work is being undertaken to use units for single people, as interim supported accommodation whilst they prepare for managing their own tenancy.
3.4.5	Intermediate and market rent	The leases for both intermediate and market rent are being finalised and the processes for advertising and letting are now in place. The converted units will be let by the end of 2016.
3.5	<b>Digitalisation</b>	
3.5.1	Tackling the digital divide by considering how to address barriers that are preventing tenants benefiting from these technologies.	<ul style="list-style-type: none"> <li>• The TMO continues to evaluate the pilot project for Wi-Fi in clubrooms/community rooms as part of the KC Places project.</li> <li>• The TMO has a new Community Investment Strategy which includes a commitment to continue to develop its digital inclusion work.</li> <li>• The TMO is providing financial support for the RBKC led IT Hub at the Chelsea Theatre.</li> <li>• The TMO will continue to investigate the most effective methods training staff and residents to become digital champions and roll out across our stock as part of our Digital Inclusion Strategy.</li> </ul>
3.6	<b>Health and Safety</b>	
	Health and safety issues in the social housing sector that have	RBKC Internal Audit undertook an audit of KCTMO Health & Safety and a rating of Substantial Assurance was awarded. The Annual H&S report was produced



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

		<ul style="list-style-type: none"> <li>• Progress projects to commercially redevelop former parking sites and generate new income streams</li> <li>• Expand the no. of telecommunications sites and generate new income</li> <li>• Maintain exceptionally low void levels in the existing stock</li> <li>• Address a spike in arrears arising from Agresso implementation issues and return debt levels to below 5%</li> </ul>
3.8	<b>Travellers site</b>	<p>At the end of Q2, rent income collection rates on site were 95.9%. There was a drop in income in September due to issues with direct payments from DWP which the TMO is working to address. Collection rates are expected to increase, with a number of HB backdates confirmed in October 2016.</p> <p>In August 2016 the TMO carried out a restructure of Neighbourhood Management functions which included the realignment of reporting lines. As part of this review, it was agreed that the Site Manager for Stable Way will report directly to the Neighbourhood Management Team Leader for Lancaster West. This would provide better support from a local office and better resilience when the Site Manager is not present, through having cover arrangements allocated from this office. This is so far working effectively.</p>
3.9	<b>Procurement Savings</b>	For the financial year 2016/17, procurement savings to the value of £625,000 have been confirmed, with additional income of £129,000 generated through leaseholder management fees.
4.	<b>Conclusion</b>	<p>The TMO continues to support the Council to meet its strategic objectives. Excellent work has been undertaken in respect of the repairs service, welfare reform, income generation and community engagement. Challenges remain for both the TMO and the Council in terms of their joint work around capital investment and health and safety issues.</p>

	<p>The Council is confident that the TMO will ensure on-going delivery of the Performance Agreement by meeting the agreed programme of PIs, audit and workstreams, ensuring compliance in the key areas.</p>
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THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA  
TENANT MANAGEMENT ORGANISATION LIMITED

Open	
For information	
Board	
Report title:	Board Performance Report – Quarter 2 2016/17
Authority for decision:	The Board has ultimate responsibility for the performance of the organisation.
Recommendations:	That the Board note the contents of the report.
Regulatory/legal requirements:	The Board has a duty to promote the success of the Company by monitoring its performance against the agreed KPIs.
Business Plan link:	Delivering organisational competence.
Equality Impact Assessment/comment:	There are no equality implications.
Resident consultation:	The Performance Indicators and Business Plan have been developed with the full involvement of staff, management and the Board, and in consultation with residents, key stakeholders, and partners, of which the Royal Borough is paramount.
Resource implications/VFM statement:	We are committed to achieving top quartile performance with value for money.
Risk:	A decline in organisational performance could result in reputational risk and action from RBKC.
Appendices:	1
Total number of pages including appendices:	13
Name, position and contact details of author:	Yvonne Birch Executive Director of People, Performance & Governance [REDACTED]

## Performance Report – Q2 2016/17

### Purpose

This report presents the performance against a range of indicators for the period April to September 2016.

### 1 Introduction

- 1.1 The attached report gives an overview of the performance of the TMO in key business areas during the period April to September 2016.

### 2 Strategic performance indicators

- 2.1 The traffic light indicators use the usual colours to indicate the status of the year to date performance against target.
- 2.2 All the performance data is validated by an accountable manager and enables staff to monitor trends and make improvements, where necessary.
- 2.3 Where benchmarking information is shown, unless otherwise indicated this will be for our HouseMark peer group, the London ALMOs and local authorities club.

### 3 Repairs Direct

- 3.1 It has been a positive quarter for Repairs Direct, with all targets achieved for the period.
- 3.2 The current trend for 'average days to complete a responsive repair' reflects longer current lead times on some trades but it is hoped that a new resource coming online in October should help reverse this trend.

### 4 Voids & lettings

- 4.1 During quarter two there were 84 lettings, of which 58 were for general needs homes.
- 4.2 The average number of days to re-let a general needs home in the Q2 period was 20.31 days, bringing the year to date position to 20.93 days against a target of  $\leq 22.0$  days.
- 4.3 Void rent loss currently stands at 0.75%, matching the set target for the year.
- 4.4 The decrease in void loss in comparison to Q1 relates to the removal from the calculation of a number of voids that have either been disposed of during the year or are undergoing an options

appraisal for disposal, plus a small number of voids that will not be re-let as social housing.

- 4.5 These exclusions fit in with the HouseMark definition for this PI which specifies that properties should be excluded from the calculation if they are not to be re-let as social housing or are to be disposed of or sold.
- 4.6 The number of available voids ended the period at 51, above our target of  $\leq 40$  but an improvement on the position at the end of quarter 1. The number of available voids have been impacted by both a high number of terminations earlier this year and the percentage of properties requiring major works prior to letting.

## 5 **Gas servicing**

- 5.1 Gas safety compliance ended the period at 100%.
- 5.2 Warrants continue to be sought where access is unreasonably withheld and the No Access procedure continues to operate successfully.

## 6 **Rent collection**

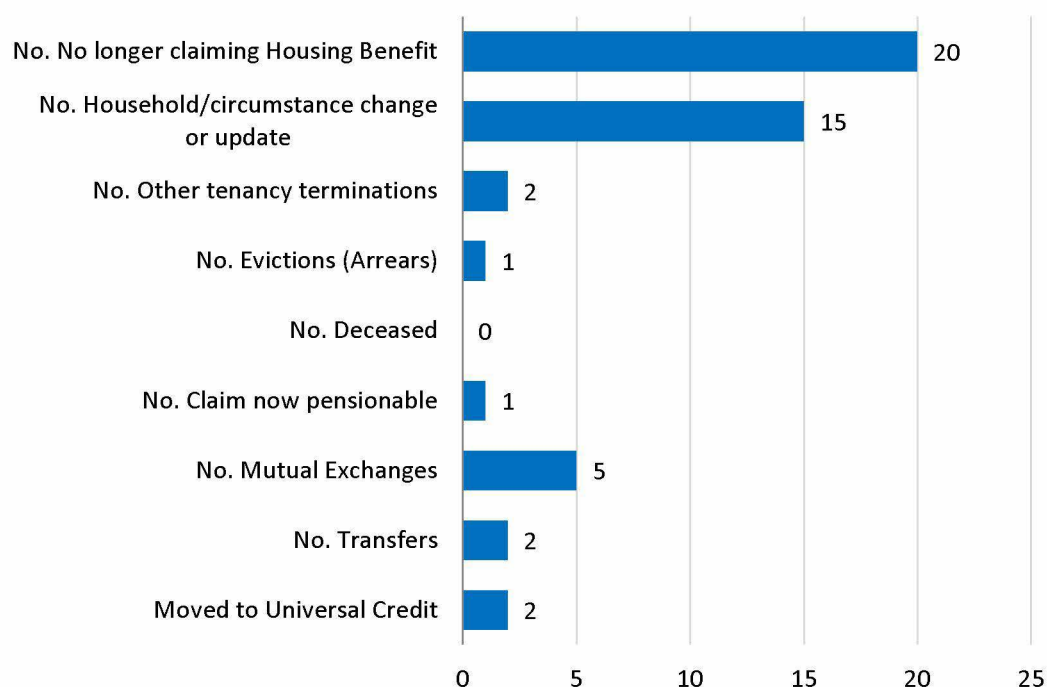
- 6.1 Following a strong start to the year arrears increased in September, finishing the month at £1.054 million; however, the arrears position improved significantly in October ending the month at £996,198 against the target of  $\leq$ £1.035 million.
- 6.2 The number of households confirmed as receiving Universal Credit has increased to 41, compared to 23 at the end of June. The combined arrears of this group stands at just over £41,000. The team continues to monitor closely the impact of welfare reforms on the overall arrears position.

### **Social Sector Size Criteria**

- 6.3 There are currently 289 households impacted by the social sector size criteria housing benefit deductions, a net increase of one since the end of the 2015-16 year. The average deduction applied is £23.33 per week.
- 6.4 Overall, the combined arrears of the affected group have remained largely level compared to the group's position at the end of the last financial year. Of the 289 households, 84 (29.07%) have seen their rent arrears increase in the period, at an average of £276.45 per household.
- 6.5 A total of 48 households have ceased to have the deductions applied since March 2016, with the reasons shown on the chart below.



## No. moving out of social sector size criteria - YTD



## 7 Homeownership

- 7.1 The target for service charge arrears for the quarter has been met, with a significant reduction in arrears achieved. Whilst this is a good position, the challenge moving forwards will be to maintain this, particularly as the 2015-16 service charge final accounts have now been applied resulting in an additional debt of £141,000.
- 7.2 The target for major works arrears has also been met and exceeded. The team will continue to work hard to maintain this performance throughout the remainder of the year.

## 8 Anti-social behaviour

- 8.1 For the period July to September a total of 85 new ASB cases were reported to the TMO.
- 8.2 All cases are now logged within the CRM system. Further work is being undertaken in early Q3 to review these ASB cases to ensure that cases are being managed and outcomes recorded correctly on the new system, and to assess if further changes or improvements are needed to the system.

## 9 Resident engagement

- 9.1 During Quarter 2 all targets for key resident engagement performance indicators were met.

- 9.2 Information on some of our key Resident Engagement activities from the quarter are summarised below.

### **Residents associations & compacts**

- 10 During Q2 one new Resident Compact was established, at 63 Finborough Road. This brings the number of new groups set up this year to five.

### **Youth Engagement Project**

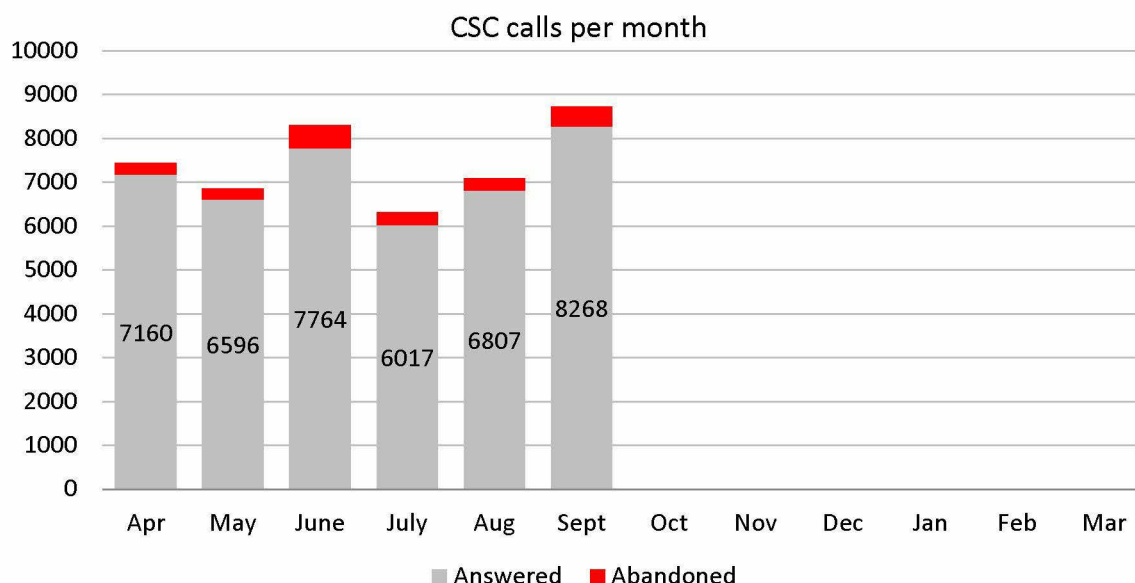
- 10.1 The Youth Engagement project engaged with a total of 33 new young people during the quarter.
- 10.2 To date, 360 young people have engaged with the project since its launch in 2012.

### **Residents' Conference**

- 10.3 The Residents' Conference was held on Saturday 17<sup>th</sup> September at the Royal Garden Hotel on Kensington High Street.
- 10.4 The conference is the TMO's main corporate event providing the most effective opportunity for the TMO to engage with residents. The event also provides an opportunity for residents to give feedback on TMO service delivery and to help shape future TMO services.
- 10.5 A total of 467 residents attended the conference – an increase on last year's attendance of 450, making it the most well attended TMO conference to date. Feedback from both residents and staff has been very positive.

## **11 Customer Service Centre (CSC)**

- 11.1 Between July and September, the Customer Service Centre received 22,152 calls, with call levels increasing towards the end of the quarter, a pattern that is typical for this time of year. The CSC also noted a peak in calls in September relating to the communal heating switch-on.



11.2 During the quarter the call centre answered 95.19% of calls, with 74.26% answered within 30 seconds; however, performance was impacted by high call volumes in September with only 67.69% answered within 30 seconds, below our target of 70%.

11.3 There was a drop in the use of the call-back function in July and August. After further investigation we established that the call-back function suffered some technical issues during these months which meant that it was sometimes unavailable. These issues are now resolved and we have set up daily monitoring of the call-back queue to ensure that call-backs continue to be managed correctly.

11.4 Customer satisfaction for the period is 65.40%, with satisfaction levels decreasing in September.

11.5 Having analysed the data, it was established that performance may have been affected by technical issues, with customers being transferred to the survey before their calls reached the Customer Service Centre, or transferred accidentally during live calls.

11.6 A new method for transferring customers to the survey has now been set up through the Mitel telephony system and the upgrade for this took place in mid-October. We hope to see an improvement to performance going forward.

## 12 Complaints

12.1 Performance in responding to complaints within our published timescales is below our target of 90% (Stage One 76.5%; Stage Two 58.3%).

12.2 In the second quarter there were significant staff changes within the Complaints Team and this was exacerbated by a high volume of

complaints and a change in the business system used to record and monitor complaints.

12.3 Whilst the new CRM system has enhanced features that are already benefitting the process, for a period of two months, whilst complaints on the old system were being resolved, two business systems were in use. Switching between systems was an additional layer of administration that has now been removed.

12.4 Since the end of August all new complaints have been responded to within our published timescales and we are confident that this will be maintained.

### **13 Membership**

13.1 To date 209 new Members have joined the TMO in 2016-17.

13.2 New member sign ups slowed in Q2, in part as a result of the membership register being closed in the run up to the AGM in September.

13.3 Membership recruitment has resumed in October and future recruitment events such as estate door knocking sessions are in the planning stages.

### **14 Recommendations**

14.1 The Board is invited to comment on the contents of this report.

**YVONNE BIRCH**

**DIRECTOR OF PEOPLE, PERFORMANCE & GOVERNANCE**



**BOARD KPI REPORT  
QUARTER 2: 2016-17**

# BOARD KPI REPORT - QUARTER 2: 2016-17

## Repairs & Maintenance



	2015-16	Q1	Q2	Q3	Q4	2016-17	Status	Target	Target for Qtr	Upper quartile
<b>Responsive repairs</b>										
Emergency repairs completed in target	97.86%	99.54%	99.84%			99.72%		>=99%		NC
Void repairs completed in target	97.76%	100.00%	98.77%			99.38%		>=90%		NC
Recalls as a % jobs completed	0.95%	0.67%	0.63%			0.65%		<=5%		NC
Post inspection pass rate (Quality)	92.25%	93.75%	94.62%			94.36%		>=90%		NC
Customer satisfaction	97.14%	95.88%	100.00%			97.97%		>=95%		93.7%
Average days to complete a responsive repair	New PI	9.5	10.8			10.2		<=12		
<b>Voids &amp; lettings</b>										
No. General needs lettings (minor and major)	199	45	58			103	Info			
Average number of days to re-let a general needs home where minor works have been undertaken (calendar days)	18.69	22.00	20.31			20.93		<=23.0		21.10
Void rent loss as % of rent roll (YTD)	0.73%	0.87%	0.75%			0.75%		<=0.75%		0.84%
Available voids at month end	50	58	51			51		<=40		40
<b>Compliance</b>										
% properties with valid Landlords Gas Safety Certificate (LGSR)	100.00%	99.98%	100.00%			100.00%		100%		100%
Number of homes without a valid LGSR	0	1	0			0		0		NC
Number without LGSR for >3 months	0	0	0			0		0		NC
Customer satisfaction	98.9%	99.3%	100.0%			99.7%		>=95%		NC
<b>Capital programme</b>										
Number of homes brought up to the KCTMO standard internally (annual PI)	933	-	-			-		1400		NC
Number of homes brought up to the KCTMO standard externally (annual PI)	120	-	-			-		1950		NC
Number of homes where SAP rating has increased through planned works (annual PI)	120	-	-			-		300		NC
Actual capital spend	11.878m	£ 1,887,356	£ 2,904,503			£ 4,791,859		11.5m		NC
Actual capital spend as a % total annual budget	103.3%	17.2%	36.9%			36.9%		>=99%	52.9%	NC

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# BOARD KPI REPORT - QUARTER 2: 2016-17



## Income Collection

	2015-16	Q1	Q2	Q3	Q4	2016-17	Status	Target	Target for Qtr	Upper quartile
<b>Current tenant arrears</b>										
Rent collected as a % rent due (excl arrears b/f)	101.07%	97.37%	98.12%			98.12%		>=100%	-	99.49%
Gross current tenant rent arrears (£millions)	1.035	1.018	1.054			1.054		<=1.035	<=1.035	NC
Gross arrears as a % rent roll	2.02%	2.00%	2.07%			2.07%		<=2.02%	-	2.06%
Percentage of tenancies with arrears of more than seven weeks	4.38%	4.38%	4.30%			4.30%		<=4.5%	-	NC
Arrears - social sector size criteria households	£ 76,318	£ 63,912	£ 76,279			£ 76,279		Info		
Arrears - Universal Credit	New PI	£ 14,357	£ 41,369			£ 41,369		Info		
<b>Former tenant arrears</b>										
FTA cash collection	£81,487	£19,621	£21,551			£41,172		£85,000	£42,498	NC
FTA write off	£696	£0	£0			£0	Info	-	-	
FTA housing benefit collection	£14,521	-£1,127	£1,388			£261	Info	-	-	
<b>Homeownership</b>										
Arrears - service charges	£ 141,705	£ 144,320	£ 122,124			£ 122,124		£ 120,449	£ 131,077	NC
Arrears - major works	£ 1,151,217	£ 1,215,265	£ 1,305,438			£ 1,305,438		£ 1,715,516	£ 1,433,367	NC

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# BOARD KPI REPORT - QUARTER 2: 2016-17



## Neighbourhoods & Community

	2015-16	Q1	Q2	Q3	Q4	2016-17	Status	Target	Upper quartile
<b>Grounds maintenance &amp; cleaning</b>									
% grounds maintenance inspections achieving required standard	98.52%	98.91%	98.8%			98.85%		>=97%	NC
No. cleaning callbacks	281	53	46			99		<=30 p/m	NC
No. quality assurance failures	0	0	0			0	Info	-	
<b>Anti-social behaviour (ASB)</b>									
No. new ASB cases reported	301	85	81			166	Info	-	
No. live cases at end of period	125	137	170			170	Info	-	
% complainants satisfied with handling of case	64.94%	68.75%	52.9%			52.90%		>=81%	68.7%
% complainants satisfied with outcome of case	64.94%	62.50%	70.6%			66.67%		>=81%	79.9%
<b>Resident engagement</b>									
No. new members joining Childrens' TMO	139	56	24			80		35	NC
No. new members joining Youth TMO	60	22	9			31		45	NC
No. new Residents Associations or Compacts	10	4	1			5		10	NC
Attendance at residents' conference	405	-	467			467		425	NC
No. attending training & employment road-shows	329	287	0			289		180	NC
<b>Community Alarms Service (CAS)</b>									
Total calls handled	104276	21911	22973			44884	Info	-	
% answered within 60 seconds	96.87%	98.04%	96.5%			97.25%		95.0%	NC
% emergency visits attended within 45 mins	96.90%	98.50%	97.4%			98.00%		95.0%	NC
Customer satisfaction	98.44%	99.66%	99.4%			99.56%		95.0%	NC

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# BOARD KPI REPORT - QUARTER 2: 2016-17



## Customer Contact

	2015-16	Q1	Q2	Q3	Q4	2016-17	Status	Target	Upper quartile
<b>Customer Service Centre</b>									
No. incoming calls received by Contact Centre	87955	22618	22152			44770	Info		
% answered	93.69%	95.15%	95.19%			95.17%		>=90%	93.58%
% calls answered within 30 seconds	71.6%	70.72%	74.26%			74.12%		>=70%	NC
Customer satisfaction	-	66.31%	65.40%			65.63%	Info		

# BOARD KPI REPORT - QUARTER 2: 2016-17

## Corporate



	2015-16	Q1	Q2	Q3	Q4	2016-17	Status	Target	Target for period	Upper quartile
<b>Complaints</b>										
No. new complaints	427	109	146			255	Info			
No. Stage One responses	382	97	154			251				
% answered in target	92.41%	87.63%	69.48%			76.49%		>=90%		NC
No. Stage Two responses	34	2	10			12	Info			
% answered in target	85.3%	100.0%	50.0%			58.3%		>=90%		NC
No. Appeals	5	0	2			2	Info			
% undertaken in target	60.0%	-	100.0%			100.0%		>=90%		NC
<b>Governance</b>										
Percentage Board attendance at meetings	78.2%	73.3%	85.2%			81.0%	Info			
No. new members signed up	500	134	75			209		>=500	274	NC
No. members voting in AGM	724	-	1217			1217		>=800	800	NC
<b>Human Resources</b>										
Total staff (headcount)	205	217	218			218	Info			
Average number of days for sickness absence per FTE (rolling 12 months)	6.44	5.30	5.68			5.68		<=5.5		6.17

## **PART B- CONFIDENTIAL**

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

Minutes of a **Confidential** meeting of the Board of Directors ('**Board**') of the  
Company held on the 29 September 2016 at 6.30pm  
at 346 Kensington High Street, London W14 8NS

**PRESENT:**

**Resident Board Members**      Fay Edwards (Chair)  
Alan Barnett  
Mary Benjamin  
Anne Duru  
Maria Escudero-Barbaza  
Minna Korjonen  
Sharon Price  
Derek White

**Council-Nominated Board Members**      Councillor Judith Blakeman  
Paula Fance

**Independent Board Members**      Simon Brissenden  
Anthony Preiskel

**APOLOGIES:**      Councillor Maighread Condon-Simmonds

<b>IN ATTENDANCE:</b>	Robert Black	Chief Executive
	Yvonne Birch	Executive Director of People, Performance & Governance
	Sacha Jevans	Executive Director of Operations
	Barbara Matthews	Executive Director of Financial Services & ICT
	Peter Maddison	Director of Assets & Regeneration
	Rupa Bhola	Assistant Director, Financial Services
	Graham Webb	Managing Director, Repairs Direct
	Gill Petford	Executive Manager (Minutes)
<b>OBSERVER:</b>	Truda Scriven	Interim Company Secretary (Designate)

## 10. MINUTES OF MEETING HELD ON 20 JULY 2016

- 10.1 The minutes of the meeting held on 20 July 2016 were **APPROVED** as a true and accurate record of the meeting.

## 11. MATTERS ARISING

- 11.1 The updates to the matters arising were **NOTED**.

## 12. BUDGET MONITORING REPORT

- 12.1 The Executive Director of Financial Services & ICT advised that as part of the Induction new Board Members would receive some training on the accounts for the TMO, Repairs Direct and the HRA so that Board Members had a better understanding.
- 12.2 A report to update the Board on the financial position of the company, its subsidiary and the HRA for the 2016/17 financial year was presented.
- 12.3 The update highlighted the following:

### The Company

- Deficit of £4k would be bought in line by end of the year
- Income was slightly ahead due to additional income from the new Supported Housing contract and additional funding agreed with RBKC for ongoing issues with Agresso
- Staffing costs were increased and this was due to maternity leave costs
- £2m cash balance remained in the bank as a result of RBKC not invoicing for the quarterly charges

### The subsidiary

- £38k surplus which was £6k below the budgeted surplus for the year to date July 2016
- Main variance was staffing costs
- Loan from KCTMO decreased by £90k

### HRA

- Leaseholder Service Charges would see Income reduce by £1.3m because the budgeting process was done early in the year
- Major Works - £1.109m adverse variance due to budgets being set prior to consultation. There were two options to recoup the money from Leaseholders; one they are billed at the start of the financial year on an estimate with a refund at the end or two, they are billed in full on final account.
- Capital Programme forecasted £3.4m less due to the delay in the lift and window programme



- 12.4 A briefing note on charging leaseholders for major works would be provided to the Operations Committee. The Chief Executive stated that the Director of Assets and Regeneration would be only too happy to meet with Leaseholders to explain the process.
- 12.5 The next Homeownership Panel was confirmed to be on 3 November 2016.
- 12.6 An update on the problems with Agresso was requested. In reply it was noted that most of the main issues were now resolved, but it was still onerous having to do transactions, and the extra resource allocated for the work was still needed.
- 12.7 The cost of using sub-contractors in Repairs Direct was commented upon. The Managing Director of Repairs Direct stated that he was trying to use fewer sub-contractors and do more in-house but there would always be a need for specialist sub-contractors from time to time.
- 12.8 The report as circulated was **NOTED**.

### 13. CAPITAL PROGRAMME UPDATE

- 13.1 The Capital Programme Update was presented by the Director of Assets and Regeneration. The Board was asked to authorise the grant of contracts above the value of £1m the following was highlighted:
- 13.2 The current budget for 2016/2017 was £16.5m and this has been revised to £13m giving a variance of -£3m which would be added to next year's budget. This was due to Leaseholder consultations delaying the External Works and Lift Renewal Programmes. The contract for the Lift Renewal had now been let and work would start first with Clydesdale House, which was a block with no Leaseholders.
- 13.3 The leases were "repair only" which gave limited scope to recharge leaseholders for works that might be considered to be "improvements", as opposed to "repairs". Varying responses have been received from the Section 20 consultation with some Leaseholders questioning the cost of the works, as they want new windows and not to have the existing ones refurbished. We are now carrying out more detailed consultation with residents to clarify issues and agree a way forward. It might be advantageous to renew the windows but we need to be sure we could recover the cost.
- 13.4 The Board was advised that Leaseholders could take us to an LVT so it was important to adopt the right approach. Legal opinion had been sought.
- 13.5 More details about the programme would be reported for the next Operations Committee.
- 13.6 It was **RESOLVED** to:
- (i) Note the current position on the Capital Programme for 2016/17
  - (ii) Note the revised projected outturn for 2016/17 of £13m and the proposed re-profiling of the capital budget between 2016/17 and 2018/19



## 14.0 CONTRACT APPROVAL – 91 TAVISTOCK CRESCENT

- 14.1 The report was presented by the Director of Assets and Regeneration. It asked for approval to let the works contract to Wates.
- 14.2 RBKC had commissioned KCTMO to remodel and refurbish the block and convert it to 8 self-contained flats. This work was being funded by RBKC and the contract was agreed through the framework and Baily Garner. In future pictures of schemes would be presented in the reports.
- 14.3 The benefit of Hidden Homes was explained to new Board Members and how unused offices and parts of buildings were being used to create new homes. So far 8 new homes had been built for 100k.
- 14.4 It was **RESOLVED:**
- (i) to award the contract for the conversion of 91 Tavistock to Wates Construction with a total estimated cost of £850,000 (inclusive of fees and on costs).

## 15. REPAIRS DIRECT PILOT – SERVICES TO LEASEHOLDERS

- 15.1 The report to update the Board was presented by The Managing Director of Repairs Direct. It covered the progress to date on the launch of paid for repairs and maintenance services, initially targeting leaseholders of RBKC properties.
- 15.2 The Board of Repairs Direct had approved the 5-year business plan in May. As part of the first phase of the business plan they launched a programme of pilots to enhance service delivery and they were:
- Out of hours appointments, between 5pm and 8pm weekdays and 8am – 12noon on Saturday. Take up had been strong and the pilot would be reviewed shortly with a view to expanding this
  - Two-hour appointment slots, initially focusing on electrical repairs. This would be piloted for eight weeks
  - Paid for Services for Leaseholders - as this is a service frequently asked for. The pilot would be done at the Worlds End Estate and they would offer plumbing and minor works on two days a week and on a Saturday morning. An out of hours' service could be more challenging and a payment system would need to be developed
  - The second pilot would offer a Handyman service at Worlds End Estate and Elm Park Gardens. They would contact leaseholders directly about this service. They hope to launch this in November with a review in January before deciding in February if they could expand the service.
- 15.3 The aim was to resource this in-house with the exception of drainage which would be done by sub-contractors.

15.4 Cllr Blakeman said that she would like to see this expanded to residents for non-landlord duties.

15.5 The report was **NOTED**.

## **16. BOARD COMMITTEES' MEMBERSHIP**

16.1 Nominations had been received from all the Board Members about which committees they wished to sit on. All requests had been accommodated. At the first meeting of the committees the election of the chairs would take place.

16.2 It was confirmed that the Appointments and Remuneration Committee was chaired by the Chair of the TMO Board.

## **17. REVISED TERMS OF REFERENCE – OPERATIONS COMMITTEE**

17.1 A report was presented to ask the Board to revise the terms of reference for the Operations Committee and if agreed, pass the resolution set out on the first page of the report.

17.2 It was explained that the change in the terms of reference was necessary to ensure meetings were always quorate.

17.3 It was **RESOLVED TO:**

- (i) approve the revisions to the terms of reference for the Operations Committee to the exclusion of any other versions.

## **18. REPAIRS DIRECT BOARD APPOINTMENT**

18.1 The Board was asked to consider the report and pass a resolution to appoint Graham Webb as Executive Director of the subsidiary.

18.2 It was **RESOLVED TO:**

- (i) appoint of Graham Webb as an executive director of the subsidiary with effect from the date of the meeting.

## **19. SUBSIDIARY UPDATE**

19.1 The Board **NOTED** this report.

## **20. COMMITTEES UPDATE**

20.1 The Board **NOTED** this report.

## **21. BOARD AND COMMITTEE CALENDAR 2016 AND DRAFT 2017**

21.1 The Board **NOTED** this report.

## 22. BOARD FORWARD PLAN

22.1 The Board **NOTED** the plan.

## 23. AOB

23.1 The Board Away Day scheduled for 28 October 2016 had been moved to Friday 11 November 2016 to avoid school holidays.

23.2 Mary Benjamin queried if there will be any checks on OCS to ensure they pay the London Living Wage. It was noted that OCS would be accountable to us on this and the GMB Union would also hold them to account.

23.3 The Interim Company Secretary, Truda Scriven, needed to be formally appointed by the Board.

It was **RESOLVED**:

(i) To appoint Truda Scriven as Company Secretary.

23.4 Derek White asked if it would be possible to have an organisational chart for Lancaster West Office when it re-opens. This would be supplied.

## 24. DATE OF NEXT MEETING

24.1 The date of the next meeting was 24 November 2016.

.....  
Chair

.....  
Date

**MATTERS ARISING (Confidential Meeting)**

NO.	MEETING DATE	MINUTE NUMBER	ACTION	BY WHOM	BY WHEN	UPDATE
1.	26/11/2015	13.2	Provide measurable targets on the impact of the business plan in 2016	Yvonne Birch	24 November 2016	Agenda item
2.	31/03/2016	9.2	Adair Tower report on the conclusions, decisions and recommendations about lessons learn from the fire incident	Barbara Matthews	24 November 2016	Update in Chief Executive's Report

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

<b>Open</b>	
<b>For information</b>	
<b>Board Report</b>	
<b>Report title:</b>	Chief Executive's Report
<b>Authority for decision:</b>	The Board has ultimate responsibility for monitoring the performance of the Company.
<b>Recommendations:</b>	It is recommended that the Board note the contents of the report.
<b>Regulatory/legal requirements:</b>	None.
<b>Business Plan link:</b>	Keeping abreast of performance initiatives within the organisation, and external development affecting social housing.
<b>Equality Impact Assessment/comment:</b>	Equality and diversity issues are taken into consideration.
<b>Resident consultation:</b>	n/a
<b>Resource implications/VFM statement:</b>	Keeping up to date on the latest developments in social housing is important for shaping the business. Improved performance will help the Company to achieve its VFM objectives.
<b>Risk:</b>	Failure to engage with the external housing sector could have an adverse effect on the Company in keeping abreast of developments within the sector. There is also reputational risk if performance fails to improve across the Company.
<b>Appendices:</b>	0
<b>Total number of pages including appendices:</b>	12
<b>Name, position and contact details of author:</b>	Robert Black, Chief Executive Ext [REDACTED]

## **1. CHIEF EXECUTIVE'S DIARY**

1.1 Following on from a management away day in June with Best Companies and as part of our People Strategy, ET and myself have been meeting staff. As part of this I have been meeting all the senior management teams in the organisation to talk about our values and ensuring we are as managers delivering a constant message to our front line staff. This has been a positive experience and has given me confidence we are on the right track with our strategy and that it will overall improve our service.

1.2 Management Development Programme Presentation. This programme is again linked to the People and Customer strategy and is designed to support front line managers to focus on key areas to improve performance. The latest cohort on the management development programme presented to us on their ideas for the business. Again this was a positive experience, with managers displaying their learning from the training. They discussed working smarter and how to hold each other accountable when it has an impact on customer service and we agreed to implement some protocols around managing meetings and tackling e-mails!

1.3 Our Events Group held the annual Macmillan Coffee Morning on Friday 30 October at the Hub. This was well attended by staff and we raised £150.30. events like tis fit in with our giving back to the community which staff wanted to see more off and have proved very successful.

1.4 Along with the rest of ET I attended the Resident Engagement Panel (REP) Chairs Get Together at the Kensington Close Hotel. This was attended by 26 RA Chairs and is an informal event to build better links in an informal setting. Graham Webb from Repairs Direct did a short presentation on the service and planned service improvements and feedback from the event was positive

1.5 I attended the Social Housing Conference with Barbara in November which was very informative with a focus on how the sector adapts to change. This is attended by a broad spectrum of organisations across the sector and attracts some excellent speakers. This year's focus was on trying to understand the changing political landscape and how we operate with in it. The event recognised the challenges around the challenge of building new homes and making sure our sector can deliver the new homes required.

1.6 We had a very successful Board Away Day on Friday 11 November at the Grange Strathmore Hotel and thank you to all the board members who attended and contributed to the day. Chris Wood, a partner at Altair facilitated the day for us where we looked at good and bad governance. We also enjoyed a trip to Trellick Tower and went up on the roof and in the boiler room and we observed the two-minute silence while up on the roof. I think what it showed was seeing the projects and understanding the works helps the debate at Board and it would be good to organise a trip to cover the south of the borough with the Board to see our stock and meeting staff

## **2.0 NEW WEBSITE**

2.1 It has been a long time coming, but we have finally started the exciting development of a new website and Kirk Dede has been appointed as Project Manager. With CRM's first stage now fully operational we need a completely new website which allows residents to fully engage and participate in our services online. A steering group



has been set up to agree the scope of the project and to begin to cost the proposal. This project fits within the Boards decision to use £250K reserves to fund this as well as the CRM System.

### **3.0 CCTV CAMERAS MAPPED**

3.1 We now have over 400 CCTV cameras on the estate we manage, but until recently we did not have a full picture of where they all were. Following a survey using an online mapping system we now have data and photos on line and we have the location of the cameras and equipment shown on a map as well as on a spreadsheet. We will have some of these maps for your view at the meeting.

### **4.0 NEW MEMBERS OF STAFF**

4.1 I am pleased to welcome the following new starters:

- Ian Walker – Systems Analyst
- Amanda Brownell – Interim Youth Engagement Officer
- Jennifer Raymond-Osei – Trainee Quantity Surveyor Repairs Direct
- Jeffrey Thorpe – Multi Trade Operative Repairs Direct
- Truda Scriven – Interim Company Secretary

### **5.0 MOVERS**

5.1 The following members of staff have changed roles:

- Anthony Oloyede now a Rent Income Officer
- Amelia Sales now a Part Qualified Surveyor Repairs Direct

### **6.0 ARCH & NFAs AUTUMN SUBMISSION:**

6.1 As the Autumn statement looms in November interest groups prepare submissions to show how they can support or influence the Governments agenda. Our Company links into the National Federation of ALMO's (NFA) as our trade company. The NFA represents 37 Arm's Length Management Organisations managing over 500,000 homes in 40 local authorities.

6.2 In recent years the NFA has been working more closely with ARCH. This trade body represents local authorities that have chosen to retain ownership of council housing and manage it directly. Together the NFA and ARCH represent over 1.2 million council homes, one third of the social housing in England.

6.3 The statement below outlines a shared vision of how this sector can help deliver the Government's agenda.

6.4 ARCH and the NFA welcome the Government's renewed commitment to 1 million new homes by 2020. The councils and ALMOs we represent are keen to help realise this ambition, and we believe that, given the right help, they could make a major contribution. Specifically, we ask that the Government should:

- encourage and support councils to supply homes for sale and market rent, not only traditional council housing;
- reconsider social rent reduction plans and debt caps to enable councils to finance much more new building from their HRAs;
- make sure that agreements to replace council higher-value homes give councils the resources and flexibility to deliver at least one-for-one replacement (two-for-one in London).

6.5 Reaching a million new homes by 2020 means nearly doubling current output over the next three years. This cannot be left to private developers alone, but can only be achieved by increasing investment by councils and housing associations as well as encouraging new entrants to the market – in particular more small and medium-sized housebuilders. Further it requires action to increase the number of skilled building workers and the capacity of the building materials industry.

6.6 Some councils are already intervening in local housing markets to stimulate an improved supply of homes for sale and market rent, to nurture and support local builders and the supply of skilled labour. With Government encouragement and support they could do much more and many more councils would be likely to follow their example. We would argue that the Government should agree to fund and support the establishment of a resource to help councils do more by providing advice and enable them to share experience and develop skills.

6.7 Councils with housing, such as those ARCH and the NFA represent, have the additional advantage of an asset base of 1.6 million homes yielding an annual income of £9.5 billion which can be used to underpin the development of new homes. One of the objectives of HRA self-financing introduced in April 2012 was to enable them to plan long-term investment, including in new housebuilding. Until the imposition of the four-year social rent cuts they were planning to provide around 5,000 new homes a year without external subsidy, with the financial capacity to increase this to around 20,000 a year if HRA debt caps were lifted. We would argue that, if the Government wants councils and housing associations to make their full potential contribution to increasing housing supply, it should reconsider whether to continue with the remaining three years of the planned social rent reductions and, at the very least, make an early announcement setting out a new ten-year social rent policy to enable local authorities and housing associations to build robust business plans. We consider that the short-term increase in welfare expenditure this would imply would be more than compensated in the long term by the benefits generated by the additional new housing supply it would facilitate.

6.8 There are several provisions of the Housing and Planning Act 2016 where the detailed approach to implementation, yet to be specified in secondary legislation, could do much to help  
– or hinder – councils’ potential contribution to increasing housing supply.

6.9 Regulations under Part 1 (Starter Homes) provide the opportunity to allow local flexibility over housing mix on new developments to ensure local housing markets work for all.

6.10 ARCH and NFA have never supported the proposal for a levy on HRA assets to pay for RTB discounts for housing associations. However, given that the Act has been passed, the key issue making the most effective use of the levy to fund the provision of additional new housing by both councils and housing associations. We want to ensure that the greatest possible number of councils reach agreements with the Secretary of State to replace the higher value homes they may sell to fund levy payments and, equally importantly, to maximize the probability that these agreements will deliver on Government's promise of at least one-for-one replacement (two-for one in London) with additional homes.

6.11 The need to develop a framework for HVAS replacement agreements provides the opportunity to review and learn from the operation of the RTB replacement agreement introduced in 2012, which is not working as intended. Many councils have significant on-going plans for housing investment across all tenures, and we think the Government should encourage and enable them to do more. HVAS replacement agreements should not be seen as separate agreements each funding stand-alone development programmes but, wherever appropriate, as agreements specifying how HVAS receipts will be deployed to supplement and extend existing plans. The same should apply to a revised RTB replacement agreement. Preferably, we would like to see a single agreement covering both RTB and HVAS replacements.

6.12 A New Plan for New Circumstances - ARCH and the NFA welcome and applaud the Prime Minister's commitment to step in and tackle the dysfunctional housing market, as part of a new package of prudent public investment in infrastructure. We would argue that housing investment should be given a high priority in this package. The chronic under-supply of housing in many areas of the UK is a significant economic weakness that urgently needs tackling, and, compared with alternative infrastructure investment opportunities, such as transport infrastructure, housing investment has the advantage of being quicker to show results and less reliant on imported goods and services that the falling pound has made more expensive.

6.13 We have always supported the Government's ambition of a million new homes by 2020 and we welcome the new administration's renewed commitment to achieving it. We argue it should be the start of a longer-term commitment to increase the annual rate of new home construction to at least 250,000 to match the expected increase in the number of households and help make home ownership affordable for all who aspire to it. As the Barker Review noted over a decade ago, because newly constructed homes form only a fraction of supply this increased level of output needs to continue for a sustained period – and to be expected to do so - to apply significant downward pressure on house prices and bring house purchase back within the reach of the majority of households<sup>1</sup>.

6.14 The scale of the challenge should not be underestimated. The annual rate of new home completions has not been above 200,000 for a sustained period since the 1970s; for the last 30 years it has averaged less than 150,000 a year. And, although completions in 2015/16, at 139,650, were significantly better than the

recession trough of 107,870 in 2010/11, achieving 1 million new homes by 2020 involves nearly doubling this rate of output in the next three years.

6.15 Since output was last above 200,000 a year there have been substantial changes in the supply side of the housebuilding market. In the 1960s and 1970s roughly half of new housing was provided by councils; since then, council housebuilding has fallen to very low levels, except for a slight resurgence over the last 5 years. This loss has not been compensated by an equivalent increase in housing association development activity which, since 1985 has ranged between 13,000 and 32,000 homes a year. The private housebuilding market has changed too, with the loss of a large number of small and medium size firms since the 1980s, leaving a small number of volume housebuilders much more dominant in the market.

6.16 ARCH and NFA do not wish to take sides in the argument whether or not the volume builders' business model relies on land-banking and managed under-supply to keep house prices high. Regardless of the truth of this proposition, the industry lacks the capacity to deliver the necessary increase in output, and we need to enable and encourage new entrants – principally small and medium sized enterprises – to the market. Councils can do a lot to help achieve this.

6.17 It is not the time to revisit the argument whether councils or housing associations should be the main providers of new affordable housing. The Government should be looking to both to increase their contribution to new development. In areas where council housing has been transferred to a housing association it will normally be for the association to take the lead in new development. In other areas, such as those which the ARCH and NFA represent, it makes sense for councils to lead delivery underpinned by the asset base provided by their existing stock – a total of 1.6 million homes yielding a rental stream of £9.5 billion a year. Further, in many of these areas, housing associations are not, and have never been, very active. As the Housing Finance Institute report from the Shores to the Shires points out, housing associations built no homes at all last year in 18% of local authority areas, of which 90% are outside London and the Metropolitan areas, yet combine high levels of need and significant development opportunities.

## **7.0 COUNCILS CAN DO MORE AS ENABLERS, BUT ALSO PROVIDERS**

7.1 In his speech to the National Housing Federation conference, the Minister for Housing, Gavin Barwell, rightly rejected simplistic attempts to place blame for under-supply either on council planning delays and obstructions or the failure of developers to act speedily on the planning permissions they have been granted<sup>2</sup>. Both arguments are based on the false premise that councils should play an essentially passive role in new housing delivery, primarily responding to initiatives taken by private developers. In fact, many councils are already playing a much more active role in stimulating and nurturing private investment in new homes for sale and market rent, or, in some cases, stepping in where private developers, for whatever reason, hold back. With encouragement and support from Government, we believe they could do much more.

7.2 Given the current statutory framework for local government such interventions are implemented through a mix of delivery options including the establishment of local housing companies in which the local authority has influence or control, or by re-tasking ALMOs where these already exist. Examples of which we are aware include:

- Purchase of undeveloped land or stalled development sites in which there is little private sector interest to kick-start development for sale or market rent (e.g. Thurrock, Sheffield, Stockport Homes)
- Local authority commissioning of new construction across all tenures to ensure improved standards of design or construction (e.g. Thurrock, Nottingham City Homes)
- Acquisition or development of homes to increase supply and/or quality of market rented homes (e.g. South Cambridgeshire, Lewisham Homes) or to rebalance the mix of homes for sale and market rent in parts of the local authority area (e.g. Lincoln)
- Nurturing of local small builders through local authority commissioning and agreements with private developers on using a proportion of local labour and providing apprenticeships;
- Building skills development and training (Nottingham City Homes)

7.3 These are all examples of local authority intervention that is desirable and should be explicitly welcomed and encouraged by the Government. We are aware that many more councils are keen to become more active in some or all of these areas and are currently considering what action to take. We would argue that the Government should agree to fund and support the establishment of a resource to help councils do more by providing advice and enable them to share experience and develop skills.

7.4 The Case for More New Homes at Genuinely Affordable Rents - We welcome the new Government's shift in emphasis away from an excessively narrow focus on the construction of new homes for sale to a more balanced programme of homes for rent and sale. This programme needs to include a proportion of affordable homes for sale and shared ownership, plus a significant proportion of homes at genuinely affordable rents.

7.5 To examine the case for building more homes at genuinely affordable rents ARCH and the NFA joined with SHOUT and others to commission independent analysis by Capital Economics of the impact of building 100,000 new affordable rented homes a year. The analysis was published in June 2015 as *Building New Social Rent Homes: an Economic Appraisal*, followed by an update published earlier this month re-evaluating the analysis in the light of the European referendum result.<sup>3</sup> The findings of this analysis are described in greater detail in SHOUT's Autumn Statement submission. From our perspective the key conclusions are that expansion of the development programmes of councils and housing associations on that scale would:

- offer a pathway out of expensive and insecure private renting, and on towards ownership



- in part via the Right to Buy – for those hardworking households who are “just managing”;
- over time, reduce the cost to government of meeting the housing needs of low-income households;
- make a major contribution to the Government’s ambition of 1 million new homes by 2020 and address the chronic undersupply of housing in the UK;
- help address pressure on public services, notably health and social care, driven by poor housing conditions.

7.6 100,000 new homes were chosen as an indicative figure in line with national data on household incomes, housing needs and affordability to illustrate the impact on the national housing shortage and public finances. We do not envisage that every area needs the same proportions of new homes for sale, market and affordable rent. We believe that local authorities, in line with their strategic housing responsibilities, should be charged with determining, in consultation with local people, the appropriate mix of new development to meet identified and expected local housing needs, and with ensuring its delivery through their planning, enabling and commissioning powers.

7.7 Nor do we offer a prescription on the national balance between the numbers of homes to be provided by councils and by housing associations, although we envisage that councils should play a much bigger role in direct development than in the last three decades. One of the objectives of the introduction of HRA self-financing in April 2012 was to allow councils to plan for long-term investment including the provision of new homes. Since then, many councils with housing have restarted house building programmes, albeit on a relatively small scale. ALMOs have also built a total of 905 new homes by 2015. As former Housing Minister Brandon Lewis reminded the CIH Conference this year, more new council homes have been completed since 2010 than in any comparable period since the early 1990s.

7.8 Research led by ARCH in 2012 showed that councils were planning to build around 25,000 new HRA homes a year by 2018, and had the financial capacity from HRA resources alone to build 60,000 if HRA debt caps were lifted. In 2014, LGA research reported council plans to build 28,000 homes by 2020, with the potential to increase this number to 76,000 if borrowing restrictions were removed<sup>4</sup>. These plans were already adversely affected under the last Government by the 2013 decision to change the inflation assumption underlying permissible rent increases. This has been compounded by the rent reductions imposed by the Welfare Reform and Work Act; uncertainty about the Government’s social rents policy after 2020 adds to the problem by undermining long-term investment planning.

7.9 The CIH/CIPFA report *Investing in Council Housing* estimates that the original self-financing model showed potential capacity for councils to build more than 550,000 units over 30 years.<sup>5</sup> After taking into account the change in the inflation assumption, this capacity for building new units reduced to 160,000 (or 28% of the capacity at the time of the settlement). The effects of rent reduction mean that the



capacity to build drops further to just 45,000 units (or 8% of the capacity at the time of the settlement). These findings are confirmed by survey responses from individual councils and ALMOs.

7.10 We would argue that, if the Government wants councils and housing associations to make their full potential contribution to increasing housing supply, it should reconsider whether to continue with the remaining three years of the planned social rent reductions and, at the very least, make an early announcement setting out a new ten-year social rent policy to enable local authorities and housing associations to build robust business plans. We consider that the short-term increase in welfare expenditure this would imply would be more than compensated in the long term by the benefits generated by the additional new housing supply it would facilitate.

7.11 In this submission we have made the case for a very substantial increase in council-led housing development. We are not, however, arguing that councils should build only traditional council houses and certainly not for a return to the construction of large scale council housing estates similar to those built in the 1970s. Just as we expect councils to implement housing strategies to ensure the construction, by a variety of providers, of an appropriate mix of new homes across their areas, we would expect council-led developments typically to include a mix of homes for sale and rent, with a significant proportion of genuinely affordable housing. Mixed tenure developments have been the norm for some years where new affordable housing has been provided through s106 powers, and on many schemes for regenerating large-scale council estates. We do not see this changing.

## **8.0 IMPLEMENTATION OF THE HOUSING AND PLANNING ACT 2016**

8.1 There are several provisions of the Housing and Planning Act 2016 where the detailed approach to implementation, yet to be specified in secondary legislation, could do much to help – or hinder – councils' potential contribution to increasing housing supply. Regulations under Part 1 (Starter Homes) provide the opportunity to allow local flexibility over housing mix on new developments, as argued for above, to ensure local housing markets work for all.

8.2 ARCH and NFA have never supported the proposal for a levy on HRA assets to pay for RTB discounts for housing associations. Right to Buy was introduced for council tenants without any form of reimbursement for discounts from central government. Councils, and council tenants, were expected to absorb and manage the impact on HRAs without central government help. It is doubly unfair that they should now be expected to pay for extension of the policy to housing association tenants. However, given that the Act has been passed, the key issue is now replacement of the homes sold both by housing associations and councils, or, more accurately, making the most effective use of the levy to fund the provision of additional new housing by both councils and housing associations.

8.3 The Conservative Manifesto did not just commit the Government to extend the Right to Buy to housing association tenants; it also committed to replace the homes sold by both the housing associations and councils affected. Without this proviso the policy would be hard to justify as a fair or sensible use of public resources – why single out housing association tenants to receive so much higher levels of help into home ownership than other groups of first time buyers often stuck

in the private rented sector. The value-for-money case for the policy hangs on its contribution to boosting housing supply and helping meet the million homes target. That makes it essential to ensure that the greatest possible number of councils reach agreements with the Secretary of State to replace the higher value homes they may sell to fund levy payments and, equally importantly, to maximize the probability that these agreements will deliver on Government's promise of at least one-for-one replacement (two-for-one in London) with additional homes.

8.4 In developing our views on the appropriate approach to replacement agreements under section 74 of the Act, we have started by looking at the closest current parallel, the 2012 agreement on replacement of homes sold under Right to Buy. This has the following features:

- It is a "one-size-fits-all" agreement applicable to all regions and authorities;
- Receipts must be used within three years or returned with punitive interest;
- Receipts cannot be used to fund more than 30% of scheme expenditure incurred during the 3-year period;
- Local authorities cannot contribute to scheme costs beyond 30% from other resources (e.g. free land);
- Receipts cannot be given to an ALMO or other local authority company;
- The policy aim is one-for-one replacement nationally, not in individual local authority areas.

8.5 There are important lessons to be learned from the operation of these agreements; unfortunately, these are mostly negative. As the National Audit Office warned in March this year, the current agreement risks failing to deliver one-for-one replacement, even at a national level unless the number of replacement homes started increases fourfold in the current year. Some authorities have found the terms of the RTB agreement so restrictive that they have been unable to use their receipts within the 3-year period, and been forced to return them. While they have been penalized with interest payments, so that the Exchequer is, in theory, no worse off, the result is that resources intended to support housing investment have lain idle for three years at a time of acute housing shortage. With the new agreements, and in the context of renewed efforts to meet the million homes ambition, deliverability should be a primary consideration.

8.6 RTB receipts are arguably too erratic and unpredictable, and often too small, to support a standalone replacement programme. There is some evidence to suggest that councils which have successfully made use of RTB receipts have been those with ongoing new build programmes funded from a variety of sources, to which RTB receipts can be applied as and when they arise. The restriction in the RTB agreement on contributing from other resources makes this approach unnecessarily hard to implement.

8.7 Many councils have significant ongoing plans for housing investment across all tenures, and, as we have argued above, we think the Government should encourage and enable them to do more. HVAS replacement agreements should not be seen as separate agreements funding stand-alone development programmes but, wherever appropriate, as agreements specifying how HVAS receipts will be deployed to supplement and extend existing plans. The same should apply to a revised RTB replacement agreement. Preferably, we would like

to see a single agreement covering both RTB and HVAS replacement. Clearly, Government will want to be satisfied that RTB and HVAS receipts are not simply substituted for other resources available to the local authority, and that public resources deliver the maximum value for money, but this should not require a rigid separation of HVAS or RTB-funded programmes from other development programmes.

8.8 The RTB replacement agreement adopts a one-size fits all approach limiting the use of receipts to 30% of development costs in all areas regardless of local variations in either these costs or average RTB receipts per unit. The Government defended this approach by insisting that the objective of one-for-one replacement was an overall target to be achieved nationally, not in each local area. With HVAS agreements the objective is different. Each agreement is intended to secure the objective of at least one-for-one replacement of sold homes and, in London, at least two-for-one replacement. While there is no requirement that replacement homes are provided within the area of the authority entering into the agreement – Ministers were insistent in the House of Lords that councils should have flexibility on location – there is at least a clear implication that the replacement dwellings should be contributing to housing need in that authority, and therefore be accessible and attractive to households in need from that authority and, normally, located reasonably close to it. The implication is that agreements will need to have regard to local development opportunities and costs and thus be subject to variation from area to area. A one-size-fits all approach is not appropriate. This need not imply that DCLG would have to negotiate up to 165 individual agreements – a challenging prospect. ARCH and the NFA would be keen to work with DCLG to develop a framework that would provide the necessary flexibility without the need for too much individual tailoring authority by authority.

8.9 Another reason why councils have found the RTB agreement hard to implement is that circumstances have changed significantly since it was introduced in 2012. The maximum 30% contribution from receipts was set, as we recall, by deducting from estimated average unit development costs the amount of borrowing that could be repaid from the assumed yield of an average affordable rent over a 30-year period. At that time the policy assumption was that affordable rents would rise by RPI plus 0.5 per cent annually. Since 2012 there have been two major changes in Government social rent policy, both of which have made the 30% limit more unrealistic. Yet the bar on local contributions from other resources has made it much more difficult for authorities to compensate for the impact of these policy changes. We have seen an estimate that suggests that, on current rent policies, an average contribution of 45% to 50% would now be appropriate. We recognise that HVAS replacement agreements will not be confined to the provision of housing for social or affordable rent, but the more general point still applies that agreements must be flexible enough to accommodate unforeseen changes in circumstances or in Government policy, particularly given the fact that agreements are likely to cover schemes lasting five or more years.

8.10 The Act provides that replacement homes should be “affordable” in a very broad sense that includes homes for sale at a discount, for shared ownership and for sub-market rent. Each of these has a different impact on public expenditure, compounded by variation in the costs of provision between different areas.



8.11 On the assumption that HVS replacement agreements allow for only a percentage of replacement costs to be rebated from the levy, the balance will be financed initially from a net increase in local authority borrowing. This may be relatively short term, to cover the development period, for example where the replacement dwellings are to be sold as starter homes, or longer term, where the replacement dwellings are provided for social or affordable rent. Shared ownership dwellings occupy an intermediate position because an initial share of at least 25% will be sold and the expectation is that many shared owners will staircase over time to full ownership. Genuinely affordable rented housing, other things equal, is likely to have the greatest and longest-term impact on public borrowing albeit one that is matched by an ongoing rental stream. This creates a temptation, in negotiating an agreement in any area, to increase the proportion of homes for sale and shared ownership in order to maximize the number of homes provided with a given amount, and the volume and duration of any necessary increase in public borrowing. This is a temptation that should be firmly rejected. The overriding objective should be to deliver the mix that best meets housing need in the relevant area.

8.12 Some authorities may be able to accommodate the additional borrowing within existing balances or borrowing limits. Others may not without breaching their debt caps. Some new flexibility over debt caps will almost certainly be necessary to enable replacement agreements to be delivered in some areas. We would also argue that the framework for agreements should allow for flexibility on future rent levels in specific cases. This might include allowing authorities to migrate new tenancies from social rents closer to affordable rent levels.

## **9.0 HEALTH & SAFETY UPDATE**

9.1 Adair & Hazlewood Towers Enforcement Notices - The works required by the London Fire Brigade (LFB) Enforcement Notices were successfully completed within the extended timescales agreed with the LFB - 23<sup>rd</sup> September for Adair and 18<sup>th</sup> October for Hazlewood. Further, the Fire Risk Assessments for these blocks were comprehensively reviewed at the conclusion of the work and the LFB provided with copies of these and all other requested documentation. The LFB Inspecting Officers undertook their post-Notice audit / inspection at Adair Tower on 28<sup>th</sup> September and at Hazlewood Tower on 15<sup>th</sup> November and we await formal notification of the outcome of these audits but we have been advised informally that each block has met the required "Broadly Compliant" standard.

9.2 Adair Tower – LFB's "ongoing investigation" - On requesting an update TMO staff were advised in October that the LFB had temporarily placed this "on hold" due to internal staffing issues. However, their intention was to resume the investigation in early November. Once the LFB paperwork has been completed on the post-Notice audits they will have another case conference to consider this investigation and this documentation will be provided to the Legal and Enforcement Team. We are hopeful that a final decision will then be reached, however, there remains no firm timescale for this.

9.3 In discussion with RBKC, it was agreed that we should appoint legal Counsel to advise us both of any action we could / should take to prepare for potential prosecution and to mitigate any risks. An initial meeting with Counsel took place on

10<sup>th</sup> November and, in conclusion, we have been advised to prepare a detailed chronology with all supporting documentation. However, we should then wait until we receive formal communication from the LFB.

## **10.0 KCTMO FIRE POLICY & STRATEGY**

10.1 This policy is currently being reviewed following detailed discussions with the TMO's Health and Safety Committee. In particular, the main proposed changes include:

- The need to adopt a more proactive approach to the installation of self-closing devices to flat entrance doors across the stock (recommendation is for an installation programme over several years);
- Increasing the frequency of the comprehensive Fire Risk Assessment reviews;
- Programme of installation of Fire Action Notices in the communal entrance lobbies of all blocks;
- Further work to address the issue of storage and charging of mobility scooters within communal areas;
- A more coordinated approach with the various agencies involved with hoarders – adopt a clear procedure involving an assessment by our Fire Consultant;
- Clarity on the requirements of a communal storage “managed use” policy - what is and what is not acceptable.

The redrafted document will be submitted to the next Health and Safety Committee and will include indicative costings of the proposals. Any proposed changes to the policy will require approval from the Board and RBKC.

## **11.0 LFB DEFICIENCY NOTICE RECEIVED**

11.1 If, whilst undertaking their audit, the LFB consider there are deficiencies which require our attention which are not significant enough to warrant an Enforcement Notice, they will issue a Deficiency Notice. These documents have no legal standing but the LFB do include a timeframe within which they expect landlords to comply and in the event of non-compliance there is the possibility that these could be escalated and an Enforcement Notice served. We have recently received a Deficiency Notice in relation to the LFB's audit of Lonsdale House, Portobello Court Estate, several months ago. The issue raised relates to flat entrance doors and the requirement for us to undertake regular inspection of self-closing devices on these doors. The tenants' doors at this block were replaced with fully fire-rated, self-closing compliant doorsets within the last four years and so we are surprised to have received this Notice. Discussions with the LFB's Fire Safety Team are ongoing in relation to these specific requirements.

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

<b>Confidential</b>	
<b>For Information</b>	
<b>Board Report 24 November 2016</b>	
<b>Report title:</b>	Budget Monitoring 2016/17 for period 7 ended 31 <sup>st</sup> October 2016
<b>Authority for decision:</b>	The Board has overall responsibility of monitoring the outturns against the annual budget.
<b>Recommendations:</b>	It is recommended that the Board note the report.
<b>Regulatory/legal requirements:</b>	The Board have legal responsibility of ensuring the organisation resources are used in accordance with the budget and business plan.
<b>Business Plan link:</b>	Being competitive and increasing our income.
<b>Equality Impact Assessment/comment:</b>	None required.
<b>Resident consultation:</b>	None required.
<b>Resource implications/VFM statement:</b>	This is the subject of the report.
<b>Risk:</b>	
<b>Appendices:</b>	8
<b>Total number of pages including appendices:</b>	17
<b>Name, position and contact details of author:</b>	Rupa Bhola Assistant Director of Finance



## **BUDGET MONITORING 2016/17 - PERIOD 7 – October 2016**

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

The purpose of this report is to update the Board on the financial position to October 2016 of the Company, its subsidiary and the HRA against the budgets set for the 2016/17 financial year.

### **2. Introduction**

The Company budget reported in this paper is based on the 2016/17 annual budget.

The year to date result (shown in **Appendix 1**) as at the end of October 2016 was a £1k surplus as per the budget. The current forecast for the year shows a £1k surplus for the company; however, this is before consideration of Project Management costs for projects like new website and intranet which are now being incurred. The forecast for project management of the website project is currently at £40k in 2016/17, while the scope and the details of the project are prepared which will include the development, license and other costs associated with the project delivery. These costs up to a value of £250k were agreed to be funded from reserves in 2015/16 by the TMO Board.

### **3. Income**

Total forecast income for the year is £14,378k, £180k better than budget.

For the year to October total income was £102k better than budget. The full year forecast includes additional Capital Programme fee of £67k for two new posts, £28k income for additional Community Alarm Supported Housing contract. In addition to this, funding of £65k from RBKC for extra resource to support with ongoing issues with Agresso has also been agreed to cover the period from April 2015 to March 2016.

### **4. Expenditure**

#### **4.1 Staff Costs**

Total Staff Costs for the year are forecast to be £10,228k, £146k above budget.

For the year to October, total salary and agency staff costs were £5,913k compared to the budget of £5,881k. This is £32k above budget to date, due to a number of posts having been recruited recently. The additional costs arise from covering maternity and some additional staff costs that are offset by funding from RBKC and Capital Programme fee (noted above). Agency costs arise from the need to cover vacant posts, maternity and long term sickness.

## **4.2 Other Costs**

The full year forecast for Other Costs is £4,148k, a forecast overspend of £34k compared to the budget. This variance arises mainly from the additional service delivery and legal expenditure incurred outside the Service Level Agreement (SLA) with RBKC.

The service delivery expenditure includes the costs of the elections for the TMO board which took place this year, costs to clean community rooms which have now been built into the forecast until October 2016 when this cost will transfer to the HRA. At this stage it is difficult to establish whether the spend with Tri-Borough Legal Services has been lower than budget as we have not yet received breakdowns of legal services provided. Savings are being realised in depreciation and this has offset some of the additional commitments noted above.

Actual spend on Other Costs up to the end of October were £2,469k, £69k above budget and actions have been taken to ensure costs remain within forecast to the end of the year.

## **5 Balance Sheet as at 31<sup>st</sup> October 2016 (Appendix 2)**

**5.1 Current Assets** – A decrease of £253k from the yearend balance. The 2<sup>nd</sup> half year invoice for Digital TV has been raised to RBKC and is due for payment by the end of October. The payment is likely to be cleared in the early part of November bringing the balance back down.

**5.2 Cash at bank and in hand** – An increase of £319k from the yearend balance. The increased cash balance results from the company not having been invoiced for quarterly SLA charges from RBKC. These charges have been accrued.

**5.3 Trade creditors** – A decrease of £109k since 31<sup>st</sup> March 2016. Weekly payment runs are undertaken to ensure the creditors are paid in line with credit terms.

**5.4 Defined benefit pension scheme liability** – The value is based on the FRS17 report dated 31<sup>st</sup> March 2016.

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

### **6.1 Summary**

The Company's outturn reported in this paper is analysed against the 2016/17 budget.

The Company has a forecast surplus of £150k to date which is £20k above the budgeted surplus for the year.

Income is £219k above the budget which reflects the extra works undertaken by the company at Adair and Hazelwood Towers.

Staff costs remain below budget; however, costs will increase in line with budget as the permanent staff for the senior positions are now in post. Recruitment campaigns continue for some of the vacant more junior positions.

Subcontractor costs are forecast to be £558k over budget. £200k of these costs reflects the specialised work required at Adair and Hazelwood Towers. The remaining £358k is attributed to not having a full complement of operatives with the required trade mix and to continue to rely on subcontractors for specialised works. It is the intention to bring more trades in house with the collaborative work of the Operations Manager and Commercial Manager. This is expected to create efficiency savings and a more consistent level of service to customers.

A new area of business has been included in the forecast of £56k income for the year from Paid for Services. This new business will generate income from repairs works carried out for leaseholders in the last quarter of this financial year.

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

The surplus year to date is £104k which is £60k above budget.

The new charging model (to RBKC), of charging for the fixed overheads and profit on a monthly basis (one twelfth of the total per month) and charging for the variable cost of materials and subcontractors as incurred has continued to improve efficiencies, reduced administrative burden and improve the cash flow position of the company.

## **4.3 Income**

Total actual income year to date is £3,367, £100k above budget.

The income for responsive repairs of £1,942k is £333k below the revised budget due to some of the works being over £5k in value and being re-categorised as income from capital works.

The income for voids work of £369k, is £243k below revised budget and again reflects the high value works which have been capitalised.

The net impact of capitalisation of £576k, is reflected in the above budget income position for capital works income of £911k which is £649k above budget.

Fire Risk Assessment (FRA) works were originally included as part of Day to Day/Responsive repairs. However, this type of works has been coded separately to enable better monitoring. FRA income is forecast to be £220k for the full year and actual income to date is £133k.

Aids and Adaptations works are £11k for the year to October 2016 which is £106k below budget. This is due to the highly specialised nature of these works and Repairs Direct is currently undertaking only the smaller and less specialised jobs. These works are also based on referrals from RBKC.

## **6.4 Expenditure**

### **6.4.1 Actual total People costs to date are £947k, £239k below budget.**

Reliance on subcontractors will start to reduce over the next quarter and the benefit of a full labour force will begin to be realised. The management team are filling vacancies with permanent staff with the required skill sets and to achieve the right trade mix to maximise productivity of the operatives. This will also reduce the burden on the agency budget.

### **6.4.2 Other costs are £2,316k, £279k above budget.**

The majority of the adverse variance is caused due to subcontractor's costs which at £1,530k, are £441k above budget. £200k of these costs reflects the specialised work required at Adair and Hazelwood Towers. The remaining variance arises from the reliance on subcontractors in the past used to supplement operatives in areas where there was an urgency to complete outstanding jobs.

Material costs are at £292k, £47k below budget. This is due to the higher than budgeted use of subcontractors which is inclusive of material costs for the works they carry out.

However, some of these adverse variances were off-set by savings in other areas such as ICT Service costs (£57k below budget) and vehicle costs (£17k below budget). Vehicle, fuel and services costs are below budget and have contributed to offset the adverse variances in this period.

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

**Trade Debtors** – An increase of £43k from the yearend balance. This is mainly due to the value of invoices for the month.

**Cash at bank and in hand** – A decrease of £73k from the yearend balance. The current balance stands at £97k.

**Trade creditors** – A decrease of £109k since year-end. Weekly payment runs ensure the creditors are paid in line with credit terms.

**Loan from KCTMO** – A decrease of £121k reflecting repayments made each month.

**Appendix 5** attached shows a summary of the actual cash flow month by month for the period up to October 2016, and forecast for the full year. The Company is able to maintain a monthly cash balance of circa £100k. This assumes a total loan repayment to the TMO of £210k by the year end.

## 7. HRA Managed Budgets (Revenue) (Appendix 6)

The original budget for 2016/17 is a net income of £38,458k, split between budgeted expenditure of £21,727k and budgeted income of £60,185k. The overall forecast is a net income of £39,239k, a £781k positive variance.

### 7.1 Total Income

Commercial Properties Rent Income – Garage Leases – Income has been revised down by £198k. This is due to a dispute with a tenant at Walnut Tree House and has resulted in the reduction of £104k of income, which has meant there will be no rental income for the first half of 2016/17. Another site will also have no income in 2016/17 as the lease is yet to commence. Similarly, Holmefield House has delays with renewing communal pipework and thus no rent will be received in 2016/17.

Dwelling Rents – Income has been forecasted up by £271k. £236k is explained due to the level of voids being lower (0.87%) than budgeted (1.5%), that has resulted in extra rental income. The remaining £35k is attributed to the number of voids that have occurred since budget setting that have been let at formula rent.

Heating and Hot Water Charges – A reduction in the forecast of £64k. This is a net impact of £149k reduction as a result of the savings generated and reported in the Heating and Hot Water Key Decision Report (HHW KDR).



An £85k increase is due to the final account adjustments, where budgets were being set on charges from 2014/15.

Leaseholder Service Charges will see a £1,246k drop in income. This is mainly due to the budgets being set prior to the estimates noted in the Major Works Income section below:

- Income – Building Insurance – The £272k reduction in income is due to the budgets being set prior to the building insurance contract being retendered. The new contract is significantly lower than estimated costs at the time of budget setting.
- Income – Major Works - The £1.137m adverse variance is due to budgets being set prior to consultation (November 2015). Further consultation has been deferred to later on during 2016/17 whilst surveys of the blocks are completed. The remaining amount will be deferred and billed in September 2017 on final accounts. A recent LVT decision has meant we now only have 2 options, the first being that leaseholders are billed at the start of the financial year if full consultation has taken place with leaseholders. The second option is that leaseholders are billed in full on final account if consultation is not complete prior to the start of the financial year.
- Tenant Service Charges – The forecast has been increased by £54k. Similar to Dwelling Rental Income, £15k is due to the void level being lower than anticipated, resulting in higher service charges and £39k is due to the budgets being set before the finalisation of the actual service charge amounts attributed to tenants.

## **7.2 Total Expenditure**

Contract Cleaning – An increase of £140k to reflect the new contract price. The budget was set assuming a full year impact of £440k pro-rata for 6 months in 2016/17 however contract includes £720k as additional costs. This results in an additional cost of £140k needed for 6 months of 2016-17 new contract term starting October 2016. The contract includes a London Living Wage and is based around quality and not just value.

Electricity, Heating & Hot Water – The overall forecast has been reduced by £631k. This includes the £358k reduction as a result of the savings generated as reported in the HHW KDR, with a further £105k savings due to differences between the 3-year average consumption budgeted and the actual 2016/17 consumption currently being billed. A further reduction of £57k reflecting the inflation increase included at the time of budget setting which is not required.

Planned Maintenance (PM) – The overall forecast has been reduced by £1,443k and this is explained further below:

PM Lifts – Budget forecast reduced by £20k to reflect procurement savings of the new planned and responsive lift maintenance contracts with fixed monthly charges reflected in the forecast.

PM Individual Heating – Ongoing procurement savings have been achieved with the new gas maintenance contract, reflected with the £168k favourable variance. This contract was procured at the end of 2015/16 and it was anticipated that savings would be reflected in the first quarter of 2016/17.

PM District Heating – An increase of £25k due to the fixed monthly charges for planned maintenance works to communal plant.

PM External Decorations – A reduction of £1,000k due to delay in the decision on the works related to the replacement or repair of windows and the subsequent issuing of the Section 20 consultation notices. Sufficient notice has to be given to residents and so the full programme of works will not be completed in the current financial year.

PM Central Programmed Heating Work – A reduction of £80k to reflect the savings as part of the new maintenance contract, where the specification includes the contractor to undertake additional tasks included as part of the service delivery.

PM Estate Lighting – A reduction of £50k due to procurement savings achieved from the interim contractor whilst the tender for the permanent contract is in progress.

PM Rewiring Works – A reduction of £100k due to a fall in the level of works required as a result of last year's successful programme where 95% compliancy was achieved.

PM Water Quality – A reduction of £50k as a result of legislation changes that only require risk assessments to be undertaken every two years rather than every year.

Planned Responsive Repairs (Minor Aids & Adaptations) – A reduction of £50k as a result of lower demand for minor aids and adaptation works to date.

Responsive Repairs – The overall forecast has been reduced by £100k. The majority of this is attributed to a £70k reduction in Estate Lighting, which is due to procurement savings on an interim contract. There is also a £50k

virement that will take place between Building Repairs and Fire Risk Assessments to allow for analysis for this specific type of works.

## **8. HRA Managed Budgets (Capital) (Appendix 7)**

### **Capital Programme**

The approved budget for 2016/17 is £16.427 million, with the current forecast for the year projected at £13 million.

Actual spend to October, presented as £5,913k.

### **Regeneration and Hidden Homes**

The total project budgeted and current forecast expenditure for the schemes listed is £1,348k. Actual total project expenditure to October was £165k.

## **9 HRA Debt (Appendix 8)**

**Tenant Debt** – There is an increase in the tenant debt balance by £467k. This is due to there being a one off credit applied to rent accounts in March 2016 for a number of schemes.

**Leaseholder Service Charges and Major Works** – The overall debt has decreased by £325k (Service Charges a decrease of £382k, Major Works an increase of £57k). The most recent quarterly charges were applied on the 25 September, whereby the debt levels increase while the collection takes place over the next full quarter.

## **10. Recommendation**

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

# KENSINGTON & CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED

Appendix 1

Income and Expenditure Report for the month ended 31st October 2016

All figures in £000s	TOTAL YEAR				YEAR TO DATE			
DESCRIPTION	Budget (2015-16) £k	Forecast (Current Month) £k	Variance £k	% Variance	Budget 2015/16 £k	Actual £k	Variance from Budget £k	% Variance
Management Fees	10,900	10,914	14	0%	6,358	6,377	19	0%
Capital Programme Fee	849	916	67	8%	495	520	25	5%
CAS Income	486	514	28	6%	284	308	24	8%
Legal Costs Recovered	275	275	(0)	-0%	160	152	(8)	-5%
Other Income	1,208	1,279	71	6%	705	747	42	6%
Digital TV Income	480	480	0	0%	280	280	0	0%
<b>TOTAL INCOME</b>	<b>14,198</b>	<b>14,378</b>	<b>180</b>	<b>1%</b>	<b>8,282</b>	<b>8,384</b>	<b>102</b>	<b>1%</b>
Staff Salaries	(9,822)	(9,467)	355	4%	(5,729)	(5,357)	372	6%
Agency costs	0	(498)	(498)	-100%	0	(377)	(377)	-100%
Staff Related Costs	(261)	(263)	(2)	-1%	(152)	(179)	(27)	-17%
<b>TOTAL PEOPLE COSTS</b>	<b>(10,083)</b>	<b>(10,228)</b>	<b>(146)</b>	<b>-1%</b>	<b>(5,881)</b>	<b>(5,913)</b>	<b>(32)</b>	<b>-1%</b>
Accommodation	(802)	(810)	(7)	-1%	(468)	(421)	17	4%
CAS Service Costs	(85)	(83)	2	2%	(49)	(62)	(12)	-25%
Communication & Publication	(122)	(131)	(9)	-7%	(71)	(101)	(30)	-41%
Consultants	(145)	(148)	(3)	-2%	(85)	(74)	10	12%
Depreciation	(383)	(312)	71	19%	(223)	(170)	53	24%
Digital TV	(480)	(480)	0	0%	(280)	(280)	(0)	-0%
Facilities Costs	(141)	(144)	(3)	-2%	(82)	(88)	(5)	-7%
ICT Service Costs	(677)	(673)	4	1%	(395)	(391)	4	1%
Legal Costs (Non SLA)	(320)	(350)	(30)	-9%	(187)	(251)	(34)	-18%
Legal Costs (SLA)	(260)	(260)	0	0%	(152)	(185)	(33)	-22%
Service Delivery	(403)	(460)	(57)	-14%	(235)	(278)	(43)	-18%
SLA Costs (excluding Legal)	(297)	(299)	(2)	-1%	(173)	(169)	4	2%
<b>TOTAL OTHER COSTS</b>	<b>(4,115)</b>	<b>(4,148)</b>	<b>(34)</b>	<b>-1%</b>	<b>(2,400)</b>	<b>(2,469)</b>	<b>(69)</b>	<b>-3%</b>
<b>Surplus/(Deficit) before Tax and Project Management</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>48%</b>	<b>1</b>	<b>1</b>	<b>(0)</b>	<b>-2%</b>
<b>Project Management Costs (Reserves)</b>	<b>0</b>	<b>(40)</b>	<b>(40)</b>	<b>-100%</b>	<b>0</b>	<b>(9)</b>	<b>(9)</b>	<b>-100%</b>

# KENSINGTON & CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED

Appendix 2

## BALANCE SHEET as at 31st October 2016

	As at 31st Oct 2016 £k	As at 31st Mar 2016 £k	Movement £k
<b>BALANCE SHEET</b>			
<b>FIXED ASSETS</b>			
Tangible & Intangible Assets	748	853	(105)
Investment In Repairs Direct	503	623	(121)
	<u>1,251</u>	<u>1,476</u>	<u>(225)</u>
<b>CURRENT ASSETS:</b>			
Trade debtors	331	77	253
Other debtors	1,292	1,283	9
Corporation Tax Debtor	-	22	(22)
Prepayments and accrued income	888	581	307
Cash at bank and in hand	1,998	1,679	319
	<u>4,509</u>	<u>3,642</u>	<u>867</u>
<b>LIABILITIES:</b>			
Trade creditors	290	399	(109)
Corporation Tax Creditor	6	-	6
Other taxes and social security	501	172	329
Other creditors	294	182	112
Accruals and deferred income	1,167	855	311
	<u>2,258</u>	<u>1,609</u>	<u>650</u>
<b>NET CURRENT ASSETS</b>	2,251	2,034	217
<b>NET ASSETS</b>	3,501	3,510	(8)
<b>Defined benefit pension scheme liability</b>	(6,408)	(6,408)	-
<b>TOTAL NET LIABILITIES</b>	<u>(2,907)</u>	<u>(2,898)</u>	<u>(8)</u>
<b>CAPITAL AND RESERVES:</b>			
Reserves brought forward	3,510	3,510	-
Surplus/(deficit) for the year	(8)	-	(8)
	<u>3,501</u>	<u>3,510</u>	<u>(8)</u>
Defined benefit pension scheme liability	(6,408)	(6,408)	-
<b>Members' funds</b>	<u>(2,907)</u>	<u>(2,898)</u>	<u>(8)</u>



**KENSINGTON & CHELSEA TMO REPAIRS DIRECT LIMITED**  
**PROFIT AND LOSS STATEMENT FOR THE PERIOD ENDED 31st OCTOBER 2016**

APPENDIX 3

Amounts in £'000s	TOTAL YEAR				YEAR TO DATE			
DESCRIPTION	Budget 2016-17 £k	Forecast £k	Variance £k	% Variance	Budget to date 2016-17 £k	Actual YTD	Variance from Budget £k	% Variance
	A	C	D (C-A)	E(D/A)	I	J	K(J-I)	E(K/I)
Responsive Repairs (DTD) Income	3,900	3,650	(251)	-6%	2,275	1,942	(333)	-15%
Capital Income	450	1,175	725	161%	263	911	649	247%
Voids Income	1,050	650	(400)	-38%	613	369	(243)	-40%
FRA Works	0	220	220	100%	0	133	133	100%
Aid & Adaptations Income	200	125	(75)	-38%	117	11	(106)	-91%
Paid for Services Income	56	56	0	0%	0	0	0	0%
<b>TOTAL INCOME</b>	<b>5,656</b>	<b>5,876</b>	<b>219</b>	<b>4%</b>	<b>3,267</b>	<b>3,367</b>	<b>100</b>	<b>3%</b>
Staff Salaries	(1,937)	(1,448)	489	25%	(1,130)	(718)	412	36%
Agency costs	(53)	(300)	(247)	-463%	(31)	(189)	(158)	-509%
Staff Related Costs	(43)	(53)	(9)	-20%	(25)	(40)	(15)	-58%
<b>TOTAL PEOPLE COSTS</b>	<b>(2,033)</b>	<b>(1,800)</b>	<b>234</b>	<b>12%</b>	<b>(1,186)</b>	<b>(947)</b>	<b>239</b>	<b>20%</b>
Accommodation	(20)	(20)	0	0%	(12)	(12)	0	0%
Communication & Publication	(23)	(23)	0	0%	(13)	(0)	13	100%
Consultants	(20)	(20)	0	0%	(12)	(9)	3	29%
Depreciation	(93)	(92)	1	1%	(54)	(44)	10	19%
Corporate Insurance	(12)	(12)	0	0%	(7)	(7)	(0)	-5%
ICT Service Costs	(175)	(172)	3	2%	(102)	(45)	57	56%
Legal Costs (Non SLA)	(14)	(14)	(0)	-0%	(8)	(6)	2	29%
Service Delivery	(38)	(27)	10	27%	(22)	(20)	2	9%
Salary Recharges from TMO	(411)	(411)	(0)	-0%	(240)	(240)	0	0%
Subcontractor Costs	(1,883)	(2,442)	(558)	-30%	(1,099)	(1,530)	(431)	-39%
Materials Costs	(582)	(478)	104	18%	(339)	(292)	47	14%
Vehicles Costs	(221)	(214)	8	3%	(129)	(112)	17	13%
<b>TOTAL OTHER COSTS</b>	<b>(3,493)</b>	<b>(3,925)</b>	<b>(432)</b>	<b>-12%</b>	<b>(2,037)</b>	<b>(2,316)</b>	<b>(279)</b>	<b>-14%</b>
<b>Surplus/(Deficit) before Tax</b>	<b>130</b>	<b>150</b>	<b>20</b>	<b>15%</b>	<b>43</b>	<b>104</b>	<b>60</b>	<b>140%</b>

**KENSINGTON & CHELSEA TMO REPAIRS DIRECT LIMITED**  
**BALANCE SHEET as at 31st October 2016**

Appendix 4

Description	As at 31th Oct 2016 £k	As at 31st Mar 2016 £k	Movement £k
<b>FIXED ASSETS</b>			
Tangible assets	136	180	(44)
<b>CURRENT ASSETS</b>			
Trade debtors	565	522	43
Other debtors	(0)	0	0
Prepayments and accrued income	51	51	0
Stock	7	7	0
Cash at bank and in hand	97	170	73
	720	750	(31)
<b>LIABILITIES</b>			
Trade creditors	128	237	(109)
Other taxes and social security	88	90	3
Corporation Tax	41	41	0
Other creditors	0	0	0
Accruals and deferred income	84	24	59
	342	393	(52)
<b>NET CURRENT ASSETS</b>	378	357	21
<b>NET ASSETS</b>	514	537	(23)
Loan from KCTMO	355	476	(121)
Deferred Tax Liability		6	-6
<b>TOTAL NET LIABILITIES</b>	159	55	104
<b>CAPITAL AND RESERVES</b>			
Reserves brought forward	55	55	0
Surplus / (deficit) for the year	104	-	104
	159	55	104

# KENSINGTON & CHELSEA TMO REPAIRS DIRECT CASH FLOW REPORTING

## APPENDIX 5

Number	Month	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sept 16	Oct 16	Nov 16	Dec 16	Jan 17	Feb 17	Mar 17	TOTAL
<b>Receipts</b>														
1	Paid for Services	-	-	-	-	-	-	-			22,400	22,400	22,400	67,200
2	RBKC Mgmt Fees	521,296	554,666	445,288	606,715	516,806	753,463	644,222	578,000	578,000	578,000	578,000	578,000	6,932,456
3	Payment To RD for other costs	65	41,780	-	214	-	40	92	100	100	100	100	100	42,690
4	Interest Received	-	-	-	-	-	-	48	63	50	50	50	50	311
<b>TOTAL RECEIPTS</b>		521,361	596,445	445,288	606,929	516,806	753,503	644,362	578,163	578,150	600,550	600,550	600,550	7,042,657
5	Cheques/ Bacs payment runs	415,252	243,456	389,958	156,080	535,927	474,217	513,003	400,000	400,000	410,000	410,000	410,000	4,757,893
6	Payroll	64,768	57,408	65,724	62,882	68,677	75,097	79,904	80,000	80,000	85,000	85,000	85,000	889,460
7	RD Repayment of Loan	17,500	17,500	17,500	17,500	-	35,000	17,500	17,500	17,500	17,500	17,500	17,500	210,000
8	RD Repayment other costs	95,788	117,801	34,242	330,843	-	69,019	185,567	82,500	82,500	82,500	82,500	82,500	1,245,761
<b>TOTAL PAYMENTS</b>		593,308	436,165	507,424	567,304	604,605	653,334	795,974	580,000	580,000	595,000	595,000	595,000	7,103,115
<b>Cashflow Surplus/ Deficit (-)</b>		-71,947	160,280	-62,136	39,624	-87,799	100,169	-151,613	-1,837	-1,850	5,550	5,550	5,550	-60,458
<b>Opening Monthly Net Cash Balance</b>		170,421	98,474	258,754	196,618	236,242	148,443	248,613	97,000	95,163	93,313	98,863	104,413	170,421
<b>Closing Monthly Net Cash Balance</b>		98,474	258,754	196,618	236,242	148,443	248,613	97,000	95,163	93,313	98,863	104,413	109,963	109,963

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

HRA - EXPENDITURE MONITORING REPORT  
FOR THE PERIOD ENDING 31st October 2016

Appendix 6

Amounts in £000's	TOTAL YEAR				YEAR TO DATE			
HRA MANAGED BUDGETS	Budget 2016/17 (Original) £k	Forecast (Current Month) £k	Variance From Budget £k	% Variance	Budget to Date 2016/17 (Original) £k	Actual £k	Variance From Budget £k	% Variance
	A	B	E (B-A)	F (C/B)	A	C	E (B-A)	F (C/B)
Dwelling Rents	43,250	43,520	271	1%	25,229	25,458	229	1%
Tenant Service Charges	4,501	4,555	54	1%	2,625	3,033	408	16%
Leaseholder Service Charges	6,394	5,149	-1,246	-19%	3,730	3,268	(462)	-12%
Heating & Hot Water Charges	1,699	1,634	-64	-4%	991	1,058	68	7%
Commercial Properties Rent Income	3,427	3,229	-198	-6%	1,999	1,746	(253)	-13%
Garage Rent Income	880	850	-30	-3%	514	502	(12)	-2%
Other Charges for Services & Facilities	34	4	-30	-88%	20	12	(8)	-38%
Supporting People Contract Income	0	0	0	0%	0	0	0	0%
<b>Total Income</b>	<b>60,184</b>	<b>58,941</b>	<b>-1,243</b>	<b>-2%</b>	<b>35,108</b>	<b>35,078</b>	<b>(30)</b>	<b>-0%</b>
Rents, Rates, Taxes & Other Charges	(171)	(171)	0	0%	(100)	(52)	47	47%
Planned Maintenance	(6,892)	(5,449)	1,443	21%	(4,020)	(1,471)	2,549	63%
Responsive Maintenance	(5,932)	(5,832)	100	2%	(3,460)	(2,510)	950	27%
Planned Responsive Repairs	(150)	(100)	50	33%	(88)	(14)	73	84%
Electricity, Heating & Hot Water	(3,413)	(2,783)	631	18%	(1,991)	(418)	1,573	79%
Provision for Bad and Doubtful Debts	(500)	(500)	0	0%	(292)	0	292	100%
Legal Costs	(220)	(220)	0	0%	(128)	0	128	100%
Contract Cleaning	(2,543)	(2,683)	-140	-6%	(1,483)	(1,236)	248	17%
Pest Control	(244)	(252)	-8	-3%	(142)	(64)	79	55%
Refuse Collection	(157)	(160)	-3	-2%	(92)	(77)	15	16%
General Management	(621)	(637)	-16	-3%	(362)	(371)	(9)	-2%
Supporting People Expenditure	(220)	(252)	-32	-15%	(128)	(147)	(19)	-15%
Digital TV Costs	(465)	(465)	0	0%	(271)	(148)	123	45%
Area Revenue Works	(199)	(199)	0	0%	(116)	(183)	(67)	-58%
<b>Total Expenditure</b>	<b>(21,727)</b>	<b>(19,702)</b>	<b>2,025</b>	<b>9%</b>	<b>(12,674)</b>	<b>(6,691)</b>	<b>5,983</b>	<b>47%</b>
<b>Transfer To/From Reserves (HRA)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>Net Income/(Expenditure)</b>	<b>38,458</b>	<b>39,239</b>	<b>781</b>	<b>2%</b>	<b>22,434</b>	<b>28,386</b>	<b>5,953</b>	<b>27%</b>

**KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED**  
**HRA - CAPITAL PROGRAMME MONITORING**  
**Capital Programme 2016/17**

**APPENDIX 7**

Amounts in '000s		TOTAL YEAR		YEAR TO DATE
PROJECT NAME	Budget 2016-17 £	Forecast (Current Month) £	Actual to 31st Oct £	
Internals (Kitchens, Bathrooms, Electrics)	4,075,635	4,534,125	3,222,997	
Externals (Roofs, Windows)	6,265,365	2,908,085	108,126	
(FR) Major Aids And Adaptations	200,000	200,000		
(FR) Walnut Tree House - Waterproofing	-	220,928		
(FR) Holmefield House - Pipework Renewal	-	150,000	11,359	
(FR) Trellick Tower - Phase 7 - External Fabric	1,730,000	1,326,326	7,533	
Aids And Adaptations (Non Framework) - PM	300,000	300,000	691,616	
18 Pembridge Square - Structural Works	-	50,000		
Communal Electrics Upgrades	450,000	250,000	24,310	
Lift Renewal Programme	1,000,000	100,000		
Environmental Improvements	500,000	500,000		
Lowerwood Court Boiler Renewal	350,000	400,000	208,571	
Capitalised Repairs	150,000	616,292	766,991	
Capitalised /Major Voids	450,000	788,244	366,279	
Commercial Properties	100,000	100,000	5,922	
Professional Fees	350,000	350,000	392,034	
Communal Plant Renewal	300,000	-		
Adair & Hazelwood (Flat Entry And Communal Areas)	206,000	206,000	107,548	
<b>GRAND TOTAL</b>	<b>16,427,000</b>	<b>13,000,000</b>	<b>5,913,285</b>	

Amounts in '000s		TOTAL PROJECT		
REGENERATION AND HIDDEN HOMES	TOTAL PROJECT BUDGET 16/17 £	TOTAL PROJECT FORECAST £	TOTAL PROJECT TO DATE £	
Regeneration - Grenfell Tower	449,000	449,000	161,220	
Hidden Homes - Homefield House	41,000	51,000	420	
Conversion - 91 Tavistock Crescent	146,000	848,000	2,897	
<b>TOTAL</b>	<b>636,000</b>	<b>1,348,000</b>	<b>164,537</b>	

**THE ROYAL BOROUGH KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED**  
**HRA DEBT POSITION**

APPENDIX 8

	Description		Last 3 Years			CURRENT YEAR		
			End Mar 2014 £	End Mar 2015 £	End Mar 2016 £	End July 2016 £	End Sep 2016 £	End Oct 2016 £
	Tenant		1,641,700	1,130,088	944,430	1,129,040	1,430,147	1,411,617
	Leasehold - Service Charges		1,344,666	1,397,316	1,293,623	902,486	1,449,903	911,516
	Leasehold - Major Works		1,478,768	986,688	1,527,959	1,468,454	1,703,614	1,584,668
	Total Debt		4,465,134	3,514,091	3,766,012	3,499,980	4,583,663	3,907,801

**Current Payment Plans At 31st October 2016**

Leasehold - Service Charges	343,372
Leasehold - Major Works	791,432
Total	<u>£1,134,804</u>



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

<b>Confidential</b>
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<b>For Decision</b>
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<b>Board Report 24 November 2016</b>
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<b>Report title:</b>	External Refurbishment of Trellick Tower
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<b>Authority for decision:</b>	The Board is required to approve the grant of contracts above the value of £1m.
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<b>Recommendations:</b>	<p>It is recommended that the Board consider the contents of this report and upon due consideration, pass resolutions in the following form:</p> <p>“The Board <b>RESOLVES TO:</b></p> <p>(a) Award the contract for external repair and redecoration of Trellick Tower to Wates Construction in the sum of 7,589,871 (inclusive of fees), subject to satisfactory completion of statutory leasehold consultation.</p> <p>(b) authorise any two Executive Directors, or an Executive Director and the Company Secretary to execute all and any task orders in respect of external works to be entered further to the contract of works by and between the Company, and Wates Living Space Limited, for and on behalf of the Company.</p>
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<b>Regulatory/legal requirements:</b>	The Companies Act 2006 provides that the Board of Directors has the duty of to promote the success of the Company.
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<b>Business Plan link:</b>	<p>In line with the 2014 -2017 business plan, the effective procurement and delivery of the Capital and Planned Maintenance programmes respond to the Business Plan priorities to:</p> <ul style="list-style-type: none"> <li>• Invest to make great homes and communities; and</li> <li>• Deliver excellent, good value services.</li> </ul>
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<b>Equality Impact Assessment/comment:</b>	NA
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<b>Resource implications/VFM statement:</b>	<p>This contract has been procured through the Capital Works Framework. Baily Garner have overseen the detailed market testing of the works and confirm that the contract represents value for money.</p>
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<b>Risk:</b>	<p>The Company must be able to meet its contractual obligations under any contractual agreements and the Board should ensure that the liabilities and obligations being entered into can be met.</p> <p>Failure to enter into these agreements will have a negative impact on its obligations of delivery of the future capital programme. This will impact negatively on the Company, and may result in a service delivery failure to RBKC under the MMA..</p> <p>The nature of these works means that there is a significant risk of additional costs being incurred over the duration of the works. A contingency of 20% has been built into the programme. Works will be closely monitored and controlled by the Clerk of Works and the Client Representative (Baily Garner)</p>
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<b>Number of Appendices:</b>	1
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<b>Total number of pages including appendices:</b>	
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<b>Name, position and contact details of author:</b>	<p><b>Peter Maddison</b>  <b>Director for Assets and Regeneration</b></p>
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## **1. Background**

- 1.1 Trellick Tower is a Grade II\* Listed Building with substantial investment needs. As an asset it performs poorly with a Net Present Value (NPV) of -£49,000 per unit over the next thirty years. It is a building of significant architectural and cultural interest. It is made up of two blocks and a service tower, some commercial properties and an unused garage at the rear. At its highest parts, it is 32 stories high.
- 1.2 It contains 217 properties, making up 3% of the total housing stock. There are 37 leaseholders, with the majority of the properties remaining socially rented. Of the properties, 17% are 1 bedroom properties, 33% are 2 bedroom properties, and 50% are 3 bedroom properties.
- 1.3 The RBKC is currently procuring a new build option for the Edenham Way site adjacent to Trellick Tower. It is important that the essential work to the exterior of Trellick Tower is completed in the new future to enable the new build programme to commence.

## **2. Procurement**

- 2.1 On 20<sup>th</sup> November 2014, the Board approved the appointment of the following four Service Providers to the Capital Works Contractors' Framework:
- Wates Living Space Limited
  - Keepmoat Regeneration Limited
  - Mitie Property Services (UK) Limited
  - Mulalley & Company Limited
- 2.2 At the same meeting, approval was granted to enter into the four-year Framework Agreements with each Service Provider.
- 2.3 On 5 January 2015, the Board agreed and approved the appointment of Bailey Garner LLP, John Rowan and Partners LLP and Arcus Consulting LLP to the Capital Works Consultants Framework. The Board also agreed to appoint Baily Garner (North Area) and John Rowan and Partners (South Area) to provide consultancy services for the delivery of the capital programme for 2015-16 and 2016-17.
- 2.4 On 23 July 2015, the Board agreed and approved the call-off of Wates Living Space Limited to undertake works in the North Area of the Borough, further to the Framework Agreement, for a period of two years and the call-off of Keepmoat Regeneration Limited to undertake works in the South Area of the Borough, further to the Framework Agreement, for a period of two years.
- 2.5 The Framework Agreements for each Service Provider and Consultant have been engrossed and signed by the Service Provider, the Company and the Consultants.

2.6 In January 2016, Operations Committee received a report on the investment programme proposed to be delivered on Trellick Tower in 2016-17 and 2017-18 and noted that Wates and Baily Garner will be the framework partners responsible for this contract and that detailed costs will be reported to Board for approval when available.

### **3. Proposed Scope of Works**

3.1 The report to Operations Committee in January 2016 noted that the scale of investment required to Trellick Tower is significant and its poor NPV performance is a significant drain on HRA resources. However, it was also noted that there is no simple solution, given the constraints on any alternative approach to investment in the block.

3.2 In the short term it is proposed to carry out investment to the exterior of the building as detailed in "Option 2" of the report to Operations Committee in the estimated sum of £7.2m in 2016-17 and 2017-18 to enable the Edenham Way new build scheme to follow on after autumn 2017.

3.3 Baily Garner and Wates Construction have carried out further, detailed inspection of the block and the works identified as required to the building extend to the following:

- (a) Refurbishment of existing timber windows and panelling to individual dwellings
- (b) Replacement of all common area crittall windows, including link bridges and service towers
- (c) External fabric repairs, including the concrete structure and frame
- (d) External decoration of previously painted surfaces
- (e) Balcony Covering works

#### **3.4 Scaffolding/ Works Access**

The cost of scaffolding / access to Trellick Tower is a significant proportion of the cost of these works. A range of options was considered to arrive at an option that is appropriate to the building and its environment. Options considered included:

- (a) Mechanical Hoist
- (b) Abseil
- (c) Mast Climbing Working Platforms
- (d) Wrap around scaffold system

3.5 It is considered that a full wrap around system is the most beneficial and cost effective solution, providing the ability for multiple trades to operate on various elevations and lifts at any one time. It would also allow a safe platform for the attendance of the Client, Consultant and other Specialists to accurately schedule the areas that require repairs and ensure quality control of works during and at completion of the scheme. Based upon the above and the principle reason of designing out H&S risks for Operatives, Specialists, Consultants, Clients and Residents, Wates proceeded to design a full wrap around system to be issued to tendering sub-contractors.

#### **4. Sub-Contract Procurement**

4.1 Given the scale and value of work required to Trellick Tower, Wates has worked with Baily Garner to tender sub-contractor packages to ensure that value for money is achieved. The following are the main sub-contractor packages that were tendered:

- Scaffolding/ Works Access
- Refurbishment of Existing Timber Windows and Panelling, Decorations and Balcony Coverings.
- Replacement of Crittall Windows to Common Areas and Link Bridges
- Timber Window Replacements
- External and Internal Fabric Repairs

#### **4.2 Preliminaries**

The preliminary rates submitted by Wates have been submitted based upon a breakdown of an operations, commercial and site based team. This includes for a full dedicated site set compound situated at the base of Trellick Tower, and will allow for material storage and a dedicated site team to be based for the duration of the scheme. The rates for the above have been priced in accordance with the original Framework Tender. The Preliminary/ site set up costs equate to 19.3% of the works cost. Baily Garner have reviewed these rates and consider that the rates offer fair value for money considering the location, complexity and risk associated with a scheme of this nature, as well as current market conditions and a significant skills shortage.

#### **4.3 Overheads and Profits.**

Central Office overheads were submitted at a rate of 4.96%.

The Profit Percentage was submitted at a rate of 2%.

These are the Framework agreed rates in line with, Wates' original tender submission which has previously been reviewed and assessed.

#### **4.4 Corporate Social Responsibility**

Wates have also submitted as part of their proposal, their Corporate Social Responsibility Aspirations (CSR), which highlight a number of initiatives for the local community and to provide social value. These include, but are not limited to:

- (i) Refurbishment of the Community Room
- (ii) 20% labour employment from local area
- (iii) Prioritise use of local businesses
- (iv) Provision of Workshops for schools/ colleges
- (v) Community Events

#### **4.5 Additional Items Requested by Residents**

Two specific issues have been raised as concerns by residents as part of the resident consultation:

#### **4.6 Pigeon Netting & Anti Roosting Measures**

Pigeon infestation has been identified as an issue through inspection of balconies and from feedback received from residents. It is therefore proposed that pigeon netting is installed to the perimeter of each balcony area, and anti-pigeon roosting systems to ledges and cills to each elevation. An initial quotation has been received in the sum of £73,338.00. It is proposed to include this item in the scope of works as a “provisional sum”. The cost will be market tested, and clarification sought in relation to Planning before the works are instructed.

#### **4.7 Scaffold Security**

Residents are very concerned about the security of their homes while scaffold is in place on the block. Wates have therefore proposed the use of a security firm to patrol the site and perimeter of the building during ‘out-of-hours’, as the extent of activity on the scheme during main working hours will provide sufficient security and deterrent. Residents are supportive of this approach. Wates have obtained an initial quotation in the sum of £96,000 based on Monday to Friday, 1800 to 0800 hours and 24 hour cover for Saturdays, Sundays and bank holidays. It is proposed to include this item in the scope of works as a “provisional sum”. The cost will be market tested, and clarification sought in relation to Planning before the works are instructed.



## **5. Value for Money**

5.1 Further to a review of the submitted sub-contractor prices and the proposals submitted by Wates, it is Baily Garner's opinion that whilst a large proportion of the works to Trellick Tower are re-measurable items and provisional in nature, the rates presented represent good Value for Money.

5.2 This is based upon the following:

- (i) Each package of works has been competitively tendered to approved subcontractors
- (ii) Where compared against the Schedule of Rates and the Backfill Schedule of rates, the submitted costs were significantly lower
- (iii) Economies of scale have been achieved through the pricing due to the nature and scale of the scheme
- (iv) Contingency and provisional rates have been included to provide reasonable allowance for unforeseen works and general risks.

## **6. Resident Consultation**

- 6.1 We have worked with the Trellick Residents Association to discuss the proposed works and are seeking to establish a Residents "Major Works Working Group" to help direct resident engagement relating to the works.
- 6.2 We have received feedback from residents in relation to the scope of works and the proposed working method. In response to feedback received we have incorporated pigeon netting into the scope of work and also propose to employ a security guard in response to concerns relating to the security of the block while it is scaffolded.
- 6.3 A meeting with leaseholders is being arranged to discuss the costs, leaseholder recharge and the repayment options available to leaseholders.
- 6.4 Formal Section 20 consultation will be carried out and due regard given to comments received before entering into contract.
- 6.5 Residents have received newsletters detailing the development of the works.
- 6.6 Further drop-in sessions and meetings will be arranged as required.
- 6.7 Wates have a site compound on site with Resident Liaison staff to ensure effective communication with residents and to ensure that any issues are identified quickly and addressed.

## **7. Programme & Cashflow**

7.1 Subject to satisfactory completion of formal leasehold “Section 20” consultation, it is anticipated that work will start on site in January 2017. The programme is anticipated to be 58 Weeks.

7.2 The programme will be phased over two financial years and the following spend profile is anticipated:

2016/17: £1,000,000

2017/18: £6,589,871

**Total: £7,589,871**

## **8. Risk and Cost Control**

8.1 There are significant risks associated with work of this nature: the full extent of concrete repair will not be known until the scaffold is erected and intrusive work undertaken to remove defective concrete. Abseil surveys have been carried out, but a significant risk remains. Similarly, the full extent of window repair will not be known until paint is removed to reveal the actual condition of the timber.

8.2 In response to this risk, a contingency of 20% has been included in the costs. This contingency will be controlled by the client and Client Representative. Furthermore, works will be closely monitored by the Clerk of Works and Clients Representative to ensure that the scope of works and costs are closely controlled. Work will be reviewed on an ongoing basis and spend forecasts reviewed as the works progress in order to establish any potential variance from the budget at an early stage.

8.3 Any additional cost required on this contract would need to be funded from the HRA Capital Programme. If this risk were to materialise it would be in the 2017-18 programme. Commitments on the 2017-18 programme will be closely controlled to ensure that a contingency is allowed in the event of additional budget being required to fund additional costs on this project.

8.4 A project Risk Register is in place for this contract and it is reviewed on a monthly basis as part of the Project Team agenda.

## **9. Planning and Listed Building Consent**

9.1 Given the listed status of Trellick Tower, and the nature of the works required, Nathaniel Lichfield & Partners (NLP) was commissioned as Heritage Consultants to liaise with the Royal Borough of Kensington and Chelsea (RBKC), English Heritage and the 20<sup>th</sup> Century Society.

- 9.2 NLP consulted with RBKC through a formal pre-planning advice meeting on in June 2016. Listed Building consent for the scaffolding was submitted to RBKC in September 2016. A decision is expected by the 28<sup>th</sup> November 2016.

## **10. Health and Safety**

- 10.1 The contractor (Wates) has responsibility to plan and carry out works in accordance with health and safety regulations. Wates have quality controlled systems and procedures in place to ensure that works are carried out in a safe manner.
- 10.2 Baily Garner (Health and Safety) Ltd are appointed to the roles of Client CDM Advisor to KCTMO and Principal Designer for this project and are responsible for ensuring that clear health and safety plans are in place for the project and that work is carried out in accordance with approved methods.
- 10.3 Baily Garner LLP monitor H&S in their day to day operations and attendance on site. H&S checklists are used during inspections to audit the presence and health of key information on site.
- 10.4 Health and safety is reviewed at the Monthly Progress Meeting and within the Contractors Reports which are reviewed between all key parties including KCTMO and Baily Garner.
- 10.5 Baily Garner (Health and Safety) Ltd undertake Construction Health and Safety Monitoring Inspections and produce a report on a quarterly basis which focuses on an appraisal of site activities and general management of health and safety including book keeping particularly in respect to the Construction Phase Plan, Risk and Method Statements reporting on a traffic light system including identifying any breach of regulations.
- 10.6 The framework has a Health and Safety Working Group which meets regularly in order to review performance, share experiences, good and bad practice across both Keepmoat and Wates which I feel supports my personal view that health and safety is dealt with a high level of priority.

## **11. Project Governance Arrangements**

- 11.1 A dedicated KCTMO Project Manager is responsible for overseeing the day to day delivery of this project.
- 11.2 Monthly Project Progress Meetings are held between the client, Client Representative (Baily Garner) and Constructor (Wates) to ensure that project progress is reviewed and key risks are addressed.
- 11.3 KCTMO's Programme Board received monthly progress reports on this project.

11.4 A regular update report will be made to KCTMO's Operations Committee that will detail progress and highlights key risks relating to:

- Time / Programme
- Cost
- Health and Safety
- Reputation

		<b>APPENDIX 1</b>
<b>Works</b>	<b>Sub Contractor</b>	
Scaffolding/ Works Access	TRAD	1,879,271
Groundwork Investigations for Scaffolding	Wates	16,667
Balcony Works and Redecoration (Window Repairs, Overhauls and decorations)	Bridgegap	636,888
Sliding Door Replacement	Bridgegap	27,083
Crittall Window Replacement	Crittall	749,250
Timber Window Replacement	(Provisional Sum)	62,500
Concrete Repairs	Gunit	627,013
Concrete Repairs (Service Tower)	Gunit	180,435
Concrete Repairs (Internal)	Gunit	15,069
Asbestos Investigations and contingency figure	CORE	265,833
Contingency (20%)		892,002
Pigeon Netting/ Anti-roosting	(Provisional Sum)	73,338
Site Security	(Provisional Sum)	96,000
<b>Sub Total</b>		<b>5,521,349</b>
Site Overheads		1,033,820
<b>Sub Total</b>		<b>6,555,169</b>
Inflation Allowance (3%)		196,655
<b>Sub Total</b>		<b>6,751,824</b>
Central Office Overheads (4.96%)		334,890
<b>Sub Total</b>		<b>7,086,714</b>
Profit (2%)		141,734
<b>TOTAL</b>		<b>7,228,448</b>
Fees (5%)		361,422
<b>Grand Total</b>		<b>7,589,871</b>

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

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

<b>For Decision</b>
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<b>Board Report 24 November 2016</b>
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<b>Report title:</b>	Appointment of Travis Perkins Trading Company for the supply of building materials to Kensington and Chelsea TMO Repairs Direct Limited.
----------------------	--

<b>Authority for decision:</b>	The Board is required to review the award of contracts above the value of £1m.
--------------------------------	--

<b>Recommendations:</b>	The Board is asked to consider the contents of this report and upon due consideration, to <b>APPROVE</b> Kensington and Chelsea TMO Repairs Direct Limited (the Subsidiary Company) entering into a contract with Travis Perkins Trading Company Ltd for the supply of building materials and associated managed services, with effect 2 January 2017, for a term of 4 years, with a forecast value of £2.5m.
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<b>Regulatory/legal requirements:</b>	The Companies Act 2006 provides that the Board of Directors has the duty of to promote the success of the Subsidiary Company.
---------------------------------------	---

<b>Business Plan link:</b>	<p>This proposal supports the Subsidiary Business Plan &amp; Revised Financial Plan for Repairs Direct approved by Board on 26 May 2016.</p> <p>Strategic Priority 3 Profit – To make a profit to enable the investment in resources and infrastructure, specifically refers.</p>
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<b>Equality Impact Assessment/comment:</b>	Not applicable.
--	-----------------



<b>Resident consultation:</b>	Not applicable.
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<b>Resource implications/VFM statement:</b>	<p>The cost in relation to the Framework Agreement is within the budget of the Company.</p> <p>There are no costs on the Subsidiary Company arising from the entry into the Framework Agreement.</p>
---	--

<b>Risk:</b>	<p>The Subsidiary Company must be able to meet its contractual obligations under any contractual agreements and the Board should ensure that the liabilities and obligations being entered into can be met.</p> <p>Failure to enter into these agreements will have a negative impact on its obligations of delivery of the future repairs and maintenance service. This will impact negatively on the Company, and may result in a service delivery failure to RBKC under the MMA.</p> <p>Risks are recorded on a Risk Register and are reviewed as the contract progresses.</p>
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<b>Number of Appendices:</b>	2
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<b>Total number of pages including appendices:</b>	14
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<b>Name, position and contact details of author:</b>	<p>Graham Webb Managing Director, Repairs Direct</p>
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## **1 Executive Summary**

1. This paper recommends the entering into a Contract between Kensington and Chelsea TMO Repairs Direct Limited (the Subsidiary Company) and Travis Perkins Trading Company Ltd, for the supply of building materials and associated managed services, for a 4-year period commencing 2 January 2017. The proposed agreement is the result of a compliant procurement process, conducted in line with Group policy. The proposal has been reviewed by the Subsidiary Company Board, who have approved it and recommended it to the Company Board.

## **2 Background**

- 2.1 Travis Perkins Trading Company Ltd (TP) has provided building materials to the Subsidiary Company since its inception in September 2013. The current contract expires at the end of November 2016 and its terms have been extended by 1 month to facilitate consideration of this proposal.
- 2.2 Annual spend by the Subsidiary Company, through Travis Perkins and other related suppliers is currently £726k.
- 2.3 A replacement contract has been sourced through the Places for People Framework Agreement. The Contract Notice was issued by Places for People Group Ltd on 19 October 2015. The Contract Award was made on 19 January 2016. There are Four lots covered by the Framework Agreement. Lot 4 (One Stop Shop) of the Framework has Travis Perkins Trading Company Ltd assigned as the sole provider for all building materials, a one stop shop facility, with logistical solutions including van stocks, stock holding and integration with IT systems and dedicated customer service.
- 2.4 The proposed Contract will be called off from the Framework Agreement and will be for a term of four years from 2 January 2017.

## **3 Procurement Strategy**

- 3.1 The Subsidiary Company has enjoyed a good working relationship with TP over the last three years. A decision was taken to procure from an existing established framework agreement, thus providing value for money and saving the time and resources required for a wider procurement process. The Subsidiary Company forecast expenditure on materials over a four-year term is significantly above the EU Procurement Threshold and therefore the EU Procurement directives apply.
- 3.2 The Places for People framework is compliant with the EU Procurement Directive and TP is the sole provider for Lot 4 (One Stop Shop) on the framework.

## 4 The Tender Process

- 4.1 The Award Summary Report, detailing the approach taken by Places for People, is attached at Appendix 1.

## 5 Evaluation

- 5.1 The tenders were assessed against a 50:50 price / quality ratio.

Lot 4 - One Stop Shop		
	Jewson	Travis Perkins
Qualitative	38.5	40.3
Pricing	44.65	45.06
Total	<b>83.15</b>	<b>85.36</b>
Rank	<b>2</b>	<b>1</b>

- 5.2 Whilst TP is the sole provider on the framework it is essential that the value-for-money offered is transparent. The weighted basket of the most used materials has been calculated based on the new material rates and demonstrates a saving of 13.6% against the current price list. The prices are fixed for an initial period of 12 months, thereafter an annual increase equal to the RPI will apply.
- 5.3 There is an on-cost of 10% for third party purchases sourced by Travis Perkins on behalf of the Subsidiary Company. These account for approximately 30% of forecasted items and has been included in the calculation of forecasted spend. Should any single item rank within the top 100 items purchased, then TP will list it as a stock item thereafter. TP will identify a staff member as primary contact for the Subsidiary Company in sourcing non-stock items.
- 5.4 Price reduction is based on a minimum contract of 4 years and a guaranteed turnover value of £450k per annum. There will be a quarterly review to determine if this figure is achieved. If it is not achieved the prices will need to be reviewed again and a smaller saving may be available. TP will issue a rebate of 2% of the value of any turnover that exceeds £450k via a Company cheque payable to the Subsidiary Company annually, in March.
- 5.5 Some commodity materials such as copper pipe, plaster and cement will be subject to market fluctuations.
- 5.6 In evaluating this approach, the Subsidiary Company intends to transfer materials brought from other suppliers currently, e.g. kitchens, to achieve target spend levels and deliver lower cost per unit. For example, sourcing Repairs Direct works kitchen units through TP is likely to deliver an annualised saving of £30k.

- 5.8 Overall, the Subsidiary Company expects this Contract to deliver annualised savings of 14.3%, with a forecasted annual spend of £623k, on a like-for-like basis, representing total forecasted contract value of £2.5m, before the impact of materials sourced for Paid for Services. The Subsidiary Company therefore expects to comfortably exceed the targeted spend levels of £450k per annum.
- 5.9 As part of the negotiations, Repairs Direct has secured a 15% ex-yard discount for TMO Group staff and TMO members for purchases at TP. On contract signature, appropriate communications material will be agreed for distribution.

## **6 Terms of Joining and Calling Off from the Framework**

- 6.1 There is no charge to the Subsidiary Company for using the framework. TP will pay Places for People an efficiency fee of 2% on top of cleared invoice payments.
- 6.2 The Subsidiary Company would have invested a similar figure in the manpower required to manage a direct tender process and, given the level of spend, would be unlikely to be able to secure an equivalent degree of discount.
- 6.3 The joining process is straightforward and facilitates a direct contractual relationship between TP and the Subsidiary Company.
- 6.4 Performance will be monitored through a series of agreed measures, reviewed at regular contract management meetings. The timely launch of a robust van stock process will be a key deliverable in the initial stages of the contract. Regular monitoring and review of key performance indicators focussed on stock availability, delivery, time and quality will form the background to these contract meetings.

## **7 Risks**

- 7.1 The Schedule of Risks and Mitigating Actions is attached at Appendix 2.

## **8 Conclusion and Recommendation**

- 8.1 A detailed and thorough compliant tender process has been applied to the procurement of the framework agreement.
- 8.2 It is recommended that the Board APPROVE the entering into a Contract between Kensington and Chelsea TMO Repairs Direct Limited and Travis Perkins Trading Company Ltd for the supply of building materials and associated managed services, with effect 2 January 2017, for a term of 4 years, with a forecast value of £2.5m.

## **Appendix 1**

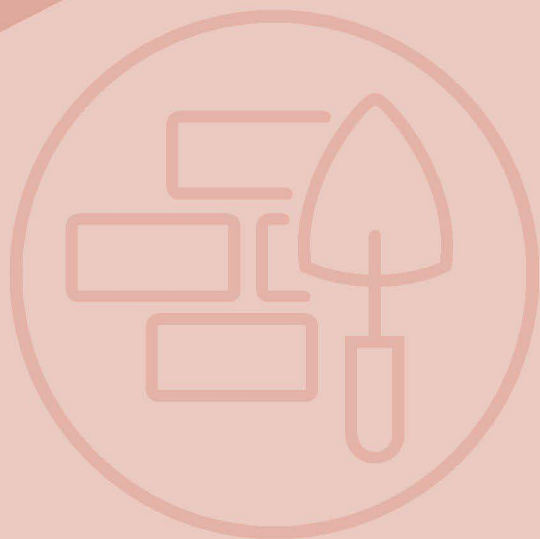
Places for People Procurement hub

Award Summary Report

## Appendix 2

### Schedule of Risks and Mitigating Actions





**Builders Merchants**  
**Award Summary Report**  
Framework Agreement



# Contents

	Page
1. Welcome to Procurement Hub	03
2. About framework agreements	04
3. Market overview and insight	05
4. The procurement process	06
5. Key benefits	10
6. How to gain access	11

Procurement made easy

Brought to you by Places for People

# 1

## Welcome to Procurement Hub

Procurement Hub offers a number of free-to-join procurement frameworks that bring together top suppliers, consultants and contractors.

We can help you whether you're just trying to get a project off the ground, or simply looking to reduce the time and hassle of finding high quality suppliers.

### Places for People

Procurement Hub is part of Places for People, one of the UK's largest property management, development and regeneration companies.

We're responsible for more than 140,000 properties and over 100 leisure centres across the UK, so we know our stuff when it comes to procurement.

### Key benefits:



#### Specially-chosen suppliers

All our suppliers are chosen for their high standards of service, proven track record and experience of working across the public sector.



#### It's free to join

Unlike some procurement frameworks, there's no joining or subscription fee to pay. You can tap into a pool of experts for free.



#### It adds social value to your organisation

We'll ensure all our suppliers obtain the greatest social value from the services you buy.

# 2

## About framework agreements

A framework agreement is an 'umbrella agreement' that sets out the terms, particularly relating to price, quality and quantity, under which individual contracts (call-offs) can be made throughout the period of the agreement which are normally a maximum of 4 years.



### We've done the hard work for you

Your business will save on procurement costs and valuable employee time. You don't have to spend time choosing suppliers. It makes procurement simple and seamless.



### Get projects moving now

You can start using suppliers straight away. No more waiting to get your projects off the ground.



### Great value

Our established relationships with suppliers mean we can give you access to high quality services at competitive rates.



### Accessing our solutions

Our solutions can be accessed by any public sector organisation. To find out more please visit [www.procurementhub.co.uk](http://www.procurementhub.co.uk) to confirm your eligibility.



Housing



Local  
Authority



Health



Education



Costal and  
Marine



HE and FE



Extra Care



Defence



Transport



Central  
Government



Heritage



Blue Light

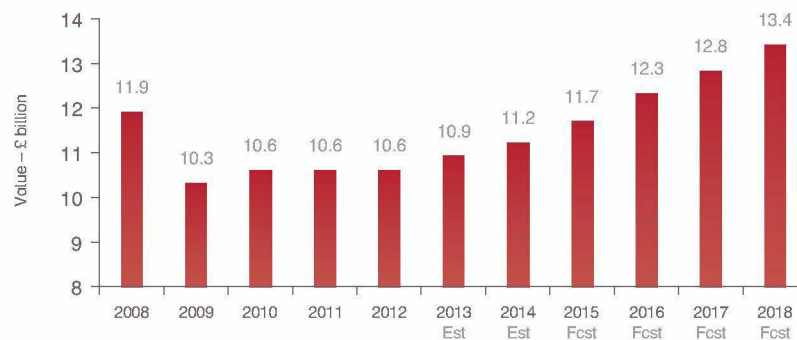
# 3

## Market overview and insight

### Key facts and figures:

- UK Builders and Plumbers Merchants was worth approximately £10.9 billion in 2013.
- The market declined from its £12 billion peak in 2008 due to the economic downturn. Steady through 2009-2012 of approximately £10.9bn, forecasted to continue to grow between 2014-2018 exceeding the pre downturn levels in 2016.

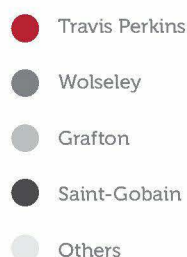
UK Builders and Plumbers' Merchants' market 2008 to 2018  
By Value £ billion at Merchants Selling Prices



Source: AMA Research / Trade Estimates

- Apart from economic pressures the market is also susceptible to changing trends such as growth of online sales and DIY retailers such as B&Q and Wickes targeting tradesmen.
- Market can be categorised into three distinct groups; national merchants (73% share), regional merchants (14% share) and local merchants (13% share).

Market share within national merchants:





# 4

## The procurement process

### Stage 1

#### Issue contract notice

Places for People advertised the contract in the Official Journal of European Union (OJEU) on 28 October 2015 with reference 2015/S 212-384763. An Open procedure was undertaken in accordance with the Public Contract Regulations 2015.

### Stage 2

#### Receipt of submissions

A total of seven submissions were received on 3 December 2015, across the four lots. Please see below the organisations that completed a response:

##### Lot 1

Building materials



- Jewson
- Grafton Merchanting
- Travis Perkins Managed Services

##### Lot 3

Electrical materials



- City Electrical Factors
- Edmundson Electrical
- Grafton Merchanting
- Travis Perkins Managed Services
- YESSS Electrical

##### Lot 2

Plumbing and heating materials



- Wolseley
- Jewson
- Grafton Merchanting
- Travis Perkins Managed Service

##### Lot 4

One stop shop



- Jewson
- Grafton Merchanting
- Travis Perkins Managed Services



# 4

## The procurement process

### Stage 3

#### Assessment of minimum criteria

Each submission was assessed against the minimum criteria, including company background information and project specific requirements. These included:

- ✓ Economic and Financial Standing
- ✓ Health & Safety Environment and Sustainability
- ✓ Compliance with legislation
- ✓ Quality Standards
- ✓ Technical and Professional Ability
- ✓ National branch coverage (minimum 75% postcode coverage)
- ✓ Supply all products within a Lot
- ✓ Agreement to Terms and Conditions

### Stage 4

#### Evaluation of compliant submissions

<b>Group:</b>	Quality	
<b>Section:</b>	Corporate	
<b>Topics:</b>	• Company Background	<b>3%</b>
	• Account Management	<b>10%</b>



<b>Group:</b>	Quality	
<b>Section:</b>	Processes	
<b>Topics:</b>	• Ordering	<b>7%</b>
	• IT	<b>3%</b>
	• Supply Chain Management	<b>8%</b>
	• Stock	<b>10%</b>



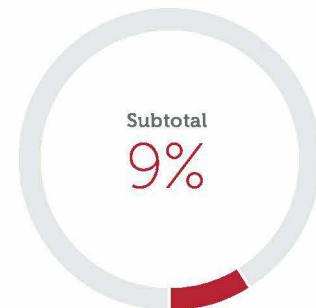
# 4

## The procurement process

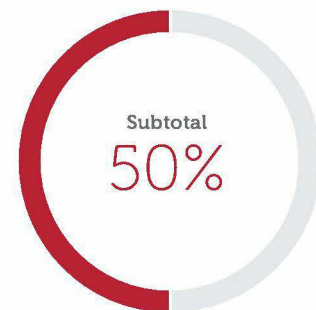
### Stage 4

### Evaluation of compliant submissions (cont)

<b>Group:</b>	Quality		
<b>Section:</b>	Added Value		
<b>Topics:</b>	• Framework Growth	<b>5%</b>	
	• Environmental and Social	<b>2%</b>	
	• Added value	<b>2%</b>	



<b>Group:</b>	Pricing
---------------	---------



### Stage 5

### Issue feedback and standstill period

Places for People notified both successful and unsuccessful organisations of the award decision on 8 January 2016. The 10 day standstill period ended on 18 January 2016 with no challenges raised which was concluded with formal contract award.

### Stage 6

### Contract award

The framework agreement began on the 1st March 2016 and will continue for a period of four years. Call-off contracts can be awarded at any time throughout the duration of the framework agreement.

The successful organisations awarded on as a sole supplier can be found on the next page:

# 4

## The procurement process

### Stage 6

### Contract award (cont)

#### Lot 1

##### Building materials



#### **JEWSON**

- Over 600 branches nationwide.
- UK's leading supplier of sustainable timber and building materials.
- Part of one of the largest construction businesses in the world Saint-Gobain.
- Delivering innovative products and services with tomorrow in mind.
- Greenworks offers advice on a range of sustainable building solutions.

#### Lot 2

##### Plumbing and heating materials



#### **WOLSELEY**

- Over 500 branches nationwide.
- World's largest trade distributor of plumbing and heating products.
- Stocking over 95,000 products from the industry's leading names.
- Next day delivery available from every branch, online or by phone.
- UK's first commercial sustainable product showcase and renewables training facility.

#### Lot 3

##### Electrical materials



#### **C E F**

- Over 500 branches nationwide.
- World's largest trade distributor of plumbing and heating products.
- Stocking over 95,000 products from the industry's leading names.
- Next day delivery available from every branch, online or by phone.
- UK's first commercial sustainable product showcase and renewables training facility.

#### Lot 4

##### One stop shop



#### **TP Travis Perkins**

- Over 600 branches nationwide.
- Holistic managed service of building, electrical, plumbing and heating requirements.
- UK's largest builder's merchant supplying more than 100,000 product lines.
- Tailored partnership solution focused around innovation.
- Expert people, competitive pricing and the best product choice you'll find locally.

# 5

## Key benefits

- ✓ **Unique**  
Access the only solution offering this scope of building services under one roof.
- ✓ **Competitive**  
Compelling pricing and products through sole supply partnerships.
- ✓ **Flexible**  
National suppliers with a local footprint who understand public sector demands.
- ✓ **Free**  
No joining or access fee.
- ✓ **Compliant**  
Fully OJEU compliant.

---

# 6

## How to gain access

---

The choice is yours. In every instance we will support you to choose the right supplier for each and every project delivering excellence whilst meeting local, social and economic needs.

# 1

---

Select preferred supply  
chain partner

---

# 2

---

Develop requirements  
and agree proposal

---

# 3

---

Sign call-off agreement and  
implement your solution

---

Contact us on   
[www.procurementhub.co.uk](http://www.procurementhub.co.uk)

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**Procurement Hub**

Part of the Places for People Group  
Group Support Centre, 4 The Pavilions,  
Preston, PR2 2YB.



## Appendix 2 Risk Register V1 30 09 16

Impact		
Level	Description	Degree
1	Minor	Low
2	Disruptive	Low
3	Significant	Medium
4	Serious	High
5	Major	High

Risk Rating (RR)						
Level		Impact				
		1	2	3	4	5
Probability	1	1	2	3	4	5
	2	2	4	6	8	10
	3	3	6	9	12	15
	4	4	8	12	16	20
	5	5	10	15	20	25

Date	30 09 16
Owner	MD, Repairs Direct

[illegible]

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

<b>Open</b>	
<b>For Decision</b>	
<b>Board Report 24 November 2016</b>	
<b>Report title:</b>	Corporate Risk Map 2016 – 2017
<b>Authority for decision:</b>	The Board of Directors is responsible for ensuring that there are internal controls and systems established to identify and assess all material risks to the company.
<b>Recommendations:</b>	To consider the Corporate Risk Map as reviewed and recommended by the Finance, Audit & Risk Committee and to <b>APPROVE</b> it.
<b>Regulatory/legal requirements:</b>	A corporate risk map is an internal audit requirement.
<b>Business Plan link:</b>	All parts of the Business Plan apply.
<b>Equality Impact Assessment/comment:</b>	No adverse effect to any group.
<b>Resource implications/VFM statement:</b>	Existing resources.
<b>Risk:</b>	The monitoring of the risks and the risk management functions in the Company is essential to the existence of the Company.
<b>Appendices:</b>	1
<b>Total number of pages including appendices:</b>	4
<b>Name, position and contact details of author:</b>	Janet Seward Policy Adviser <div style="background-color: black; width: 100px; height: 1.2em; margin-top: 5px;"></div>

## **PURPOSE**

The purpose of this report is to present the revised Corporate Risk Map for 2016-2017.

## **1 INTRODUCTION**

- 1.1 As part of its risk management strategy, the Board regularly reviews the company's Corporate Risk Map. The Corporate Risk Map is intended to identify the most important strategic risks to the business. Operational risks are managed in service level risk maps held by managers within the business. Only high scoring residual risks are added to the Corporate Risk Map, for example the issues around the implementation of the Council's financial system, Agresso.
- 1.2 The risk map was referred to the Board meeting of the 26 May 2016. The risk map included strategic risks identified by Board Members at the risk session organised by Zurich Municipal in January. The Board resolved to adopt the Corporate Risk Map which had been recommended to it by the Finance, Audit and Risk Committee on 13 April 2016 subject to the inclusion of the additional wording agreed.
- 1.3 The additional wording related to risk 6 in the Action column (last column) where the sentence was added:

'Liaise with RBKC to seek as far as possible to influence investment decisions to secure adequate capital programme funding.'

## **2 Finance, Audit and Risk 19 October 2016**

- 2.1 The risk map was presented to the last Finance, Audit and Risk Committee on 19 October 2016. (The risk ratings remained the same as in the May Board report but some of the actions were up-dated.) The committee unanimously agreed to recommend the risk map to the Board at its next meeting.

## **3 RECOMMENDATION**

- 3.1 It is recommended that the Board APPROVES the Corporate Risk Map recommended to it by the Finance, Audit & Risk Committee.

Corporate Risk Map 2016 - 2017

Date:	21 September 2016		
Owner:	Yvonne Birch		

Probability (P)		
Level	Description	Degree
1	Very Unlikely	Low
2	Unlikely	Low
3	Low	Medium
4	Very Likely	High
5	Almost Certain	High

Impact (I)		
Level	Description	Degree
1	Minor	Low
2	Disruptive	Low
3	Significant	Medium
4	Serious	High
5	Major	High

Risk Rating (RR)				
Level	Probability		Impact	
	1	2	3	4
1	1	2	3	4
2	2	4	6	8
3	3	6	9	12
4	4	8	12	16
5	5	10	15	20

Low Risks	
Medium Risks	
High Risks	

CE	Chief Executive
DFS	Director of Financial Services
DO	Director of Operations
CO SEC	Company Secretary
DP&P	Director of People & Performance
DR&S	Director of Risk & Segregation
ADHR&OD	Assistant Director of Human Resources & Organisational Development

Risk No	Risk	Strategic Theme	Risk Identified & Explanation	Probability	Impact	Risk Rating	Existing Control Measures (mitigation or elimination)	Confidence in controls	Residual Risk	Probability	Impact	Risk Rating	Owner	Action
1	Failure to comply with statute & regulation: procurement legislation data protection equality and diversity financial & internal controls safeguarding probity bribery & fraud.	legal obligations	Poor organisational governance leads to failings in the areas of: - substantial or sustained breach of statutory or regulatory obligations - failure to appoint the right contractors: limits ability to deliver programmes; risk of contractor challenge with financial penalties; risk of under recovery of leaseholder service charges - legal challenges can result from poor financial controls and poor safeguarding issues - reputational damage can arise from mismanagement of any of these issues.	2	4	8	Interim Company Secretary managing governance of Board and committees Good governance arrangements including standing orders and financial regulations Training programme for Board Members Contract Regulations and Standing Orders define authority levels and ensure financial probity. Procurement Manager has reviewed contract regulations. Consultants and solicitors advise on procurement. Obtain specialist advisors on matters of procurement, tax, insurance and legal matters Board, Operations Committee and Project Board receive approval reports and monitor progress. Robust internal audit programme. Assistant Director Policy & Performance is managing and up-dating policies.	High	Poor performance management Not keeping up-to-date with legislation and advice Not reviewing policies and procedures Lack of awareness of data protection and freedom of information legislation, policies and procedures.	1	4	4	CE	Contract Regulations have been reviewed Regular training on data protection and freedom of information legislation, policies and procedures
2	Failure to deliver MMA obligations: regulatory compliance gas repair water safety electrical compliance capital programme responsive repairs income collection.	deliver excellent value services	Failure to meet agreed service standards could result in: - increased pressure on responsive repairs budget and contractor - threat to reputation - threat to viability.	2	4	8	Know our targets Contract monitoring and review process in place Strong partnership with RBKC Monitor KPIs and put actions in place to improve performance. Performance monitoring regularly reviewed by relevant committees and Board. Satisfactory Annual Review 15/16 from RBKC.	High	Poor performance management.	1	4	4	CE	Ensure good performance management.
3	Failure of Repairs Direct (RD) to be viable.	deliver excellent value services	Failure of RD to provide a quality and cost-effective/vlm service.	2	4	8	Separate RD Board New Board Chair with relevant skills and expertise, RD Business Plan and accounts regularly monitored by RD management, ET and RD Board RD Board have stress-tested the business plan Commercial delivery team & MD now in place.	Medium	Repairs Direct may not deliver its objectives in spite of support from peers and Board.	1	4	4	CE	Robust management at RD Executive Team and RD Board level.
4	Failure to recruit and retain the staff who buy into TMO values.	fantastic people work here	Failure to recruit staff whose behaviour represents our values.  Failure to retain staff and to performance manage them to buy into our values.	2	3	6	Recruitment package being developed by ADHR&OD  Future training programme Established corporate induction Close monitoring of probation periods.	Medium Medium	Untrained managers involved in recruiting.  Fail to invest in the future of staff by not giving training or career opportunities.	1	3	3	DP&P DP&P	Develop and implement the People Strategy and Best Companies - One to Watch 2015. Further BC survey planned for October 2016. Develop succession planning in high risk areas.
5	Failure of health and safety in relation to the services that we deliver to residents, staff in the work environment and contractors in the delivery of works.	customers at the heart	Serious injury or death of a resident, staff member, contractor, customer or member of the public. Potential prosecution by Health & Safety Executive (including terrorist activity).	2	4	8	Health & Safety committee meetings every 2 months involving ET & SMT members where Fire Risk Assessments (FRAs) and associated actions, water quality and asbestos reviews are monitored. Resulting actions are monitored and audited. Internal audit also monitor and report. Emergency planning tested in real event and has been reviewed as a consequence.	Medium	Actions arising out of assessments and inspections not done in a timely manner.	1	4	4	DFS	Health and Safety guidance and training to all staff, actions monitored at ET & SMT level who will continue to have high level involvement in driving performance.
6	Loss of residents' confidence in the TMO	Grow our scale and scope	Membership drops away and new members are not recruited especially to replace those leaving. Members fail to support the continuation of the TMO.  A loss of confidence in the TMO by its residents and customers because of repeated, regular failures to deliver a variety of services (see item 2) or in its staff, leadership or Board. This could result in insufficient support at the AGM or the five yearly Test of Opinion. (This links in with RBKC's strategic investment)	1 1	5 5	5 5	Membership campaign launched and all staff will join recruitment drive. Outreach work regularly carried out with road shows and estate days and through day-to-day tenant engagement.  Effective management of core business to ensure that MMA requirements are met (see risk 2) Strong vote in TMO's favour at the Test of Opinion (2013). At AGM (2016), 1200 voted and 98% in favour.	High High	Membership levels still do not rise  Poor performance management.	1 1	5 5	5 5	CO SEC CE	Active membership campaign involving all staff teams.  Regular monitoring to ensure good performance management. Liaise with RBKC to seek as far as possible to influence investment decisions to secure adequate capital programme funding.
7	Poor implementation of Agresso by RBKC.	operational requirements	TMO cannot provide financial services to customers, partners, residents or payments to HRA suppliers. TMO cannot produce financial information to RBKC accounts for HRA.	4	2	8	Implementing controls - liaising with RBKC and reporting failings as appropriate.	Low	The situation lasts for longer than anticipated and customers get more dissatisfied. This results in stopping rent payments and complaints about poor service. We may fail MMA objectives.	3	2	6	DFS	Close liaison with RBKC to ensure that they are aware of the issues.

8	Change of Board Membership	Governance	<p>Resident Board members are elected by residents from members who stand for election. Experience is required for members to stand for election. Resident Board members are elected by residents. Residents are appointed by the Appointments and Remuneration Committee, which is made up of Board members and the CE</p> <p>This all means that the makeup of the Board cannot be controlled by the business, which could mean that Board members are appointed who are not experienced in being a Board member and the duties and responsibilities that are incumbent on the role.</p>	3	4	12	<p>Capable training and the new TMO Academy will provide training for prospective resident Board members</p>	Board members will remain inexperienced even with training  Not able to affect skills if resident	3	3	9	CO SEC	<p>Provide all Board members with robust training in chairing skills for the Board. Provide annual appraisal by the Chair. Chair and all committee chairs. Develop skills for the Board chair and all committee chairs. Board have regular 121s.</p>

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

<b>Open</b>
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<b>For Information</b>
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<b>Board Report 24 November 2016</b>
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<b>Report title:</b>	Business Plan 2014-17 Delivery Plans Update
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<b>Authority for decision:</b>	The Board is responsible for setting the strategic direction of the TMO
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<b>Recommendations:</b>	The information within the report is noted
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<b>Regulatory/legal requirements:</b>	The Business Plan sets out plans for the development of the TMO including ongoing regulatory/legal requirements.
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<b>Business Plan link:</b>	This paper outlines progress across the entire Business Plan
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<b>Equality Impact Assessment/comment:</b>	There are no direct equality implications
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<b>Resident consultation:</b>	None
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<b>Resource implications/VFM statement:</b>	Within existing resources
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<b>Risk:</b>	Failure to monitor delivery plans may impact on the success of the Business Plan and the delivery of the TMO’s strategic objectives.
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<b>Appendices:</b>	1
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<b>Total number of pages including appendices:</b>	29
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<b>Name, position and contact details of author:</b>	Stuart Hill Assistant Director of Policy and Performance 
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## 1. Purpose

1.1 To update Board on progress in the delivery of our five strategic priorities

### FOR INFORMATION

## 2. Introduction

2.1 KCTMO Business Plan 2014-17 was agreed by the Board on 24 July 2014. Its overarching mission is:

**‘Delivering excellent services through resident led management.’**

2.2 To achieve this, five strategic priorities were defined and for each an accompanying strategy was developed setting out what actions were required to deliver them and a timeline for achievement:

Strategic Priority	Strategy
Customers at the heart	Customer Strategy
Fantastic people work here	People Strategy
Invest to make great homes and communities	Investment Strategy
Deliver excellent good value services	Value for Money Strategy
Grow our scope and scale	Growth Strategy

2.3 Each Strategy has a delivery plan with actions and milestones for each year of the business plan. Although separate documents, there is overlap and dependencies across all.

2.4 This paper summarises the progress made against each of the five strategies and follows previous updates provided to Board every 6 months since their development in May 2015.

2.5 **Appendix 1**, details progress against all actions and particular milestones for the period to date. Highlights of these actions, together with a brief outline of each strategy is provided below.

## 3. Customer Services Strategy – customers at the heart

3.1 Our customer service strategy aims to deliver excellent services to our customers however they choose to access them. They will deal with customer focused staff who will take ownership of the customer enquiry ensuring that they are responded to courteously, effectively and efficiently.

### 3.2 To achieve this we have been working to:

- ensure that our service delivery is excellent
- provide a variety of access methods to suit our customer's needs.
- use the latest technology to deliver joined up services

### 3.3 Ensuring that our service delivery is excellent

Understanding our customers, who they are and the services they need and want, is central to achieving excellent services. Since the last update to Board, we have continued to build on our tenant profiling information. The recording of customer data and contacts has been significantly enhanced through the introduction of Customer Relationship Management (CRM). We now have ready access to the information we need to tailor our services to residents and manage our contact with them. As our dataset grows, this information will inform the development and resourcing of our services.

Learning from the feedback we receive from residents is essential and ongoing. Across all areas satisfaction is high but we continue to develop our services in the light of feedback received including complaints and resident engagement activities.

Our performance management framework is well established and we continue to monitor performance across a full suite of performance indicators. At the mid-year, in respect of our Key Performance Indicators: five were on target (repair, relets and homeownership collection rates), four were below target (rent collection rates and capital programme), and four will not be collected until the year end. Actions are in place to address all areas of performance that are below target.

### 3.4 Providing a variety of access methods to suit our customers

Customers access our services in a variety of ways. We continue to work to develop all access points. Our three main office receptions are now all modern, welcoming environments. The last of these to be redeveloped was the recently opened Latimer Road.

Customer self-service through our website will be significantly enhanced in the coming year. Development of the website has begun with the introduction of a new Project Manager and consultation across the business.

### 3.5 Using technology to deliver joined up services

Digital technology provides us with a significant opportunity to enhance our services to residents and substantial progress is being made in this respect. In particular, the introduction of CRM in May 2016 has provided a strong foundation for future development. The scope and scale of the project was large and we continue to build on the workflows and dashboards available through the system. CRM is a significant tool for the management of our work and benefits will be further realised as it becomes embedded across the Group. As we move towards the third phase of the CRM implementation we will begin to utilise further areas of CRM functionality including text messaging and mobile working.

#### **4. People Strategy – fantastic people work here**

4.1 Our people strategy has been developed to ensure that we have the right people, with the right behaviours, attitudes and skills to ensure successful service delivery now and in the future.

4.2 To achieve this we have been working to:

- develop our culture
- improve our customer focus
- increase employee engagement
- develop our brand and become an employer of choice
- Improve our internal communications

#### **4.3 Developing our culture**

Building on our work with staff to develop our values, there has been significant staff engagement since the last update to Board. Alongside the staff conference a range of initiatives have provided opportunities for staff to learn and for them to contribute to the development of our services.

#### **4.4 Improving our customer focus**

A customer focus is imperative for the success of the Customer Strategy and a key part of the People Strategy is to create an environment where customer focus is a natural and expected behaviour. A significant tool to deliver this objective has been Best Companies. A range of actions have been undertaken in response to the Best Companies surveys which have focused on customer service and enhancing the services we offer.

#### **4.5 Increasing employee engagement**

The staff conference was very well received; feedback was positive in respect of all aspects of the day and particularly the CEO presentation on the Housing Sector and impacts on the TMO.

We have embedded a programme of away days across all directorates, allowing staff the opportunity to engage with the organisation in respect of its values and behaviours and to develop other aspects of staff engagement.

#### **4.6 Developing our brand and becoming an employer of choice**

We continue to enhance our brand through a range of initiatives including our approach to pay and reward to work placements and apprenticeships.

#### **4.7 Improving our internal communication**

A new and improved staff newsletter has been produced: 'QWIIIC word' (a mnemonic for the TMP Values – Quality/Working Together/Integrity/Innovation/Commitment). This is circulated every fortnight and is popular with staff.

## **5. Community Investment Strategy – invest to make great homes and communities**

5.1 This strategy sets out our approach to community investment which aims to add value to communities by supporting residents to deliver the changes they want to see in their neighbourhoods.

5.2 To focus our investment where it is needed most we have selected the following themes:

- Employment, skills and training
- Financial and social inclusion
- Environment and community improvements

### **5.3 Employment, skills and training**

We have continued to provide a range of opportunities for residents to gain skills and training to access employment. In May, the TMO Live Roadshow provided advice and guidance to over 287 residents, a further event is planned in March 2017.

A wide range of training and work placements are being made available to our customers through our Framework Contract.

Repairs Direct have provided work placement opportunities for three young people. The team are now developing a programme to launch up to two apprenticeships from September 2017.

### **5.4 Financial and social inclusion**

Welfare Officers continue to provide financial assistance and advice. The role is particularly important as we see the rollout of Universal Credit across the Borough. They will be supporting residents through the process and, where necessary, helping them to apply for 'Assisted Payment Arrangements'.

Health Trainers and Healthy Hearts projects have delivered health checks, workshops and advice at TMO Roadshows and the annual Residents' Conference.

### **5.5 Environment and community improvements**

Community centres are a valuable resource for our residents and we have developed a financially sustainable model for their operation. We have rebranded the centres as 'KC Places' and introduced effective management arrangements. Bookings have increased significantly and we have received positive feedback from customers.

We continue to support initiatives to reduce antisocial behaviour targeting problem areas, investing in landscaping, security and community initiatives.

## **6. Value for Money Strategy – deliver excellent good value services**

6.1 We have achieved significant savings and continue to review our processes and assess our effectiveness. We have identified four priorities that will ensure we continue to adhere to Value for Money (VFM) principles:

- Understanding our costs and how we compare to others

- Achieve VFM through effective procurement
- Efficiency in service delivery
- Promote and embed a VFM culture

## **6.2 Understanding our costs and how we compare to others**

Service reviews have been completed across the Group and a range of efficiencies have been identified within the 2017/18 budget setting process.

We continue to subscribe to HouseMark and submit information for comparison.

## **6.3 Achieve VFM through effective procurement**

First phases of framework contracts affecting leaseholders are currently being mobilised. Feedback will be collected on completion.

Contract procurement savings related to estate services (heating, estate lighting, fire alarms etc) are now being realised and total in excess of £900k in 2016/17 and £800k in 2017/18.

## **6.4 Efficiency in service delivery**

The TMO has seen a steady increase in the number of UC claimants, which is currently impacting on 41 households. Of these we have 19 that are on Alternative Payment Arrangements.

The Welfare Reform Service now sits within the Rent Income Team, which should enhance the service offered to residents, with relevant support given before taking any enforcement action.

## **6.5 Promote and embed a VFM culture**

The Senior Management Team have reviewed services across the Group as a part of the 2017/18 budget setting process which significantly assisted in achieving the 2017/18 management fee 2% reduction required by RBKC.

## **7. Growth Strategy – grow our scale and scope**

7.1 This strategy builds on previous successes that had focused on improving and increasing our services and creating our own repairs company: Repairs Direct. It works to improve the quality of the services we offer and to generate profit that can be reinvested in our communities.

7.2 Within the context of RBKC's strategy and our understanding of the operating environment we have identified the following strategic objectives:

- Work with RBKC on development, regeneration and place-shaping
- Reviewing our current services
- Expanding asset and investment
- Developing new services
- Expanding resident membership
- Looking at opportunistic growth

### **7.3 Work with RBKC on development, regeneration and place-shaping**

KCTMO is working to support RBKC in the development of regeneration appraisals and feasibilities – primarily by providing information on the current condition of the assets and the ongoing maintenance requirements.

### **7.4 Reviewing our current services**

Repairs Direct customer satisfaction has shown a minor uplift in the year to date against the previous year and is now being monitored by text as well as telephone surveys. A revised financial plan for Repairs Direct will grow surplus to 4% of revenue by the end of 2020/21.

### **7.5 Expanding asset and investment**

The Capital Programme Team is fully staffed. The 2015-16 programme delivered to budget and on target to deliver £13m programme in 2016-17.

### **7.6 Developing new services**

Repairs Direct will be offering repairs services to leaseholders from November 2016.

### **7.7 Expanding resident membership**

Resident membership grew in the period and all targets have been met. A dedicated member of staff is now responsible for organising and co-ordinating membership campaigns.

### **7.8 Looking at opportunistic growth**

We have provided resident engagement services to Westway Housing Association (WHA) for a five-month period with all contract objectives successfully achieved.



<b>Delivery Plan</b>	<b>Page number</b>
<b>1. Customer Strategy Delivery Plan 2014-17</b>	<b>2-6</b>
<b>2. People Strategy Delivery Plan 2014-17</b>	<b>7-11</b>
<b>3. Community Investment Delivery Plan 2014-17</b>	<b>12-15</b>
<b>4. Value for Money Strategy Delivery Plan</b>	<b>16-18</b>
<b>5. Growth Strategy Delivery Plan 2014-17</b>	<b>19-22</b>

# 1. Customer Strategy Delivery Plan 2014-17

## Ensuring that service delivery is excellent

Actions	Milestones 2015-16	Update May 2016	Milestones 2016-17	Update November 2016
Complete programme of tenancy audits	<ul style="list-style-type: none"> <li>25% of tenancy audits complete</li> <li>90% of age and ethnicity profile complete</li> </ul>	<p>As at 31 March 2016, 949 tenancy audits have been attempted. Of those, 735 have been completed and, in the case of 718 of these, it was confirmed that the right tenant was living in the property. Six properties have been recovered and further enquiries are continuing with 58 tenancies. Neighbourhood staff will continue to complete tenancy audits as part of their routine visits.</p> <p>A Tenancy Profiling Administrator has now been appointed to provide support to the Tenant Profiling Project by preparing and posting out questionnaires to tenants, inputting the data returned and following up with letter, email and telephone reminders.</p> <p>At year end, 98% age and 74% ethnicity information has been obtained. The Tenancy Profiling Project will ensure the continued update of this information</p>	<ul style="list-style-type: none"> <li>50% of tenancy audits complete</li> </ul>	<p>Neighbourhood staff have continued to complete tenancy audits as part of their routine visits.</p> <p>As at 31<sup>st</sup> October 2016 1048 tenancy audits have been attempted. Of those, 890 have been completed and, in the case of 804 of these, it was confirmed that the right tenant was living in the property.</p> <p>As of 31 October 2016, the tenancy profiling project has now sent surveys out to 2328 forms of the approximately 5700 planned to be sent, 40%. Approximately 600 have been returned, a return rate of 25%.</p> <p>As at 31 October 2016, known age of tenants is at 98%, whilst ethnicity has now reached 75.5%.</p>
Set up Consumer Panel	<ul style="list-style-type: none"> <li>Consumer Panel operating</li> </ul>	<p>The Resident Engagement Team is currently recruiting for the Consumer Panel by advertising in the Link. The aim is to establish a representative panel of about 300 residents who will be consulted on a range of TMO services including phone or email surveys, attending focus groups and participating in mystery shopping exercises. So far, 150 residents have been recruited.</p>	<ul style="list-style-type: none"> <li>Outcomes from learning framework</li> </ul>	<p>To date 156 residents have been recruited for the Consumer Panel. A recruitment flyer included in quarterly LINK magazine.</p>

Undertake mystery shopping		See above	<ul style="list-style-type: none"> <li>Outcomes from mystery shopping</li> </ul>	Twenty-four residents have been trained as mystery shoppers. The first mystery shopping exercise is scheduled early in the new year.
Develop a programme of customer satisfaction surveys	<ul style="list-style-type: none"> <li>Achieve 10% customer satisfaction surveys for key service areas</li> </ul>	<p>Satisfaction Surveys are ongoing for Cleaning and Grounds maintenance and are reported in the monthly performance indicators with satisfaction exceeding targets in both these areas at year end.</p> <p>Satisfaction Surveys have been started by the Customer Call Centre where there is an option to complete a satisfaction survey at the end of the call.</p> <p>Satisfaction surveys have been introduced on closure of Neighbourhood Support Officer cases to measure customer satisfaction.</p> <p>Customer satisfaction surveys are being incorporated into workflow processes.</p>	<p>March 2017</p>	<p>Satisfaction surveys are ongoing for Grounds maintenance with 444 having been completed year to date with satisfaction at 97.8%.</p> <p>Customer satisfaction surveys have been offered at the end of each resolved call; reporting information will be available at the year end.</p> <p>As new workflows are being developed within CRM, customer satisfaction surveys are being incorporated.</p>
Undertake customer insight work	Commence tenant profiling.	<p>Customer profiling information from the Tenant Profiling Project will be fed into CRM (Customer Relationship Management) to enable the TMO to gain customer insight, for example, the type and volume of repairs ordered, types of anti-social behaviour (ASB) related to particular estates or groups displaying difficulty in making rent payments.</p> <p>KCTMO Supporting You was set up to help vulnerable TMO residents in temporary or permanent accommodation when they move home or to sustain their tenancy.</p>	March 2017	<p>As a part of the development of the Customer First CRM project, a range of data from Capita is loaded into the CRM system. This data is updated every night to ensure CRM is up-to-date, and includes new information acquired as part of the tenancy profiling project as outlined above. This data is pulled in from various different elements of Capita into one place in CRM, so that staff can immediately have an overview of interactions with the customer.</p>
Develop framework for			March 2017	Learning outcomes are now being recorded for all complaints received. This will inform

learning from feedback				our annual complaints report and is used to monitor trends and manage services more effectively.
Grow our CAS service	10% increase in CAS users	The focus has now shifted to negotiating with RBKC to protect the £300k grant that the TMO receive from them against Tri-borough plans.	Review Service by Q4	Service review will start in January 2017
Create a customer focused culture	<p>Create CRM</p> <p>Use up-to-date tenant profiling</p> <p>Recruitment of two neighbourhood support roles</p>	<p>CRM set-up and due to go live on 25<sup>th</sup> May.</p> <p>The Neighbourhood support service went live in June 2015. Two officers were recruited (one for the north and one for the south). Case numbers and outcomes are reported as part of the Neighbourhood Services report to the Operations Committee.</p>	<ul style="list-style-type: none"> <li>Increase in overall customer satisfaction to 80%</li> </ul> <p>July 2016</p>	<p>CRM went live across the organisation in May. This has improved the way we deal with customer enquiries, now all information is recorded within CRM and available to staff across the business.</p> <p>Tenant profiling information, where available, has been recorded in CRM so that our interactions with the customer can be tailored to meet individual needs. As noted above, the collection of profiling information is ongoing.</p> <p>The CRM system has had a promising start. Full satisfaction survey to be undertaken in 2018 as part of the test of opinion</p>
Undertake staff training development and support	<p>Roll-out of leadership and development programme (see People Strategy)</p> <p>Roll-out of customer service training (see People Strategy)</p>	<p>See People Strategy</p> <p>Ongoing training is provided by the CSC training Officer. This focuses on improving quality and providing updates on improvements in processes. A detailed induction programme is provided for all new staff.</p> <p>A detailed training programme has been provided for the Neighbourhood Team including:</p> <ul style="list-style-type: none"> <li>ASB case management</li> <li>Domestic abuse</li> <li>Welfare reform &amp; rent income links</li> <li>Mental Health</li> </ul>		<p>See People Strategy</p> <p>Training for CSC staff has been ongoing. The Training Officer provided training across the organisation on the CRM System before go live.</p> <p>Neighbourhood training needs continue to be identified through one to ones and appraisals.</p>

	<p>Introduction of new values and behaviours</p> <p>Individual KPIs for all staff</p>	<ul style="list-style-type: none"> <li>Hoarding</li> </ul>	100% of staff appraisals against new behaviour framework	
Consultation and communication	Delivery of employee engagement plan			See People Strategy
Measure key service performance indicators	Achieve KPI targets for 2015-16	Performance shows some positive year end outcomes for the TMO's operational PIs; in particular, top quartile performance was achieved for average void re-let, void loss, current tenant rent collection, service charge collection and gas compliancy. Year on year improvements were also seen for the Repairs Direct headline PIs and call answering by the Contact Centre. During the year we also signed up 500 new TMO members, exceeding our annual target of 450.		At the mid-year, for our Key Performance indicators: five were on target (repair, relets and homeownership collection rates), four were below target (rent collection rates and capital programme), and four will not be collected until the year end. Actions are in place to address all areas of performance that are below target.

## Providing a variety of access methods to suit customer needs

Actions	Milestones 2015-16	Update May 2016	Milestones 2016-17	Update November 2016
Review of reception areas at office locations	Review complete	<p>Blantyre office reception has been remodelled successfully, increasing security and adding a further four desks in the office area which will include accommodation for the Neighbourhood Support Officers.</p> <p>We are currently in the early stages of tendering for improvements works at the Lancaster West office to ensure the reception area is accessible.</p>	December 2016	<p>Review of staffing agreed by ET</p> <p>The improvements work at the office are now complete. This has included making the office DDA compliant and adding a further three</p>

				desks. The office has been renamed Latimer Road to reflect the fact that it now serves a broader resident base including Silchester and Henry Dickens Estates.
Continued development of online self-service	Introduction of self-service reporting repairs  Review and update of the website	The self-service offering to customers will be reviewed at the end of the Customer First project. Scoping for self-service reporting repairs and implementing reporting repairs will be completed in 2016-17.  Head of Communications is developing a revised business case for the website and intranet. Project Manager to be appointed.	January 2017	The initial brief for the website project has included this functionality.  A Project Manager has been appointed for the delivery of the project and it is anticipated that we will begin procurement early in 2017.
Development of text messaging services		Text messaging to all staff is being used for Business Continuity purposes	March 2017	Scoping for the use of text messaging services for customers with commence following the completion of phase 2 of the CRM project. RD has introduced text messaging from June 2016
Development of mobile services	Expansion of the support service roles	CRM is being developed with mobile platforms so that it can be viewed on iPad and accessed through the website.		Included in ICT strategy to commence 2017/18

## Using technology to deliver joined up services

Actions	Milestones 2015-16	Update May 2016	Milestones 2016-17	Update November 2016
Use of CRM	Introduction of phase 1 of CRM	The TMO is nearing completion of Phase One of the CRM implementation. From the 25 May 2016, all general enquiries will be logged on CRM with actions tasked to individuals across the organisations. CRM will log and track all enquires and store information in one central location.	Complete phase 2 of the CRM	On target to deliver Phase 2 by April 2017
Knowledge engine developed	Complete knowledge engine	The development of a knowledge engine is part of the CRM development. A template has been developed for staff across the organisation to share knowledge and information on specific service areas including process, procedure and leaflets. The information will be uploaded onto		Staff from across the organisation are contribution information for the development of knowledge base. This work is ongoing.



		SharePoint and will be accessible via the CRM system to improve the quality of information provide to our customers.		
Document management system and workflows	Complete key workflows including voids		Phase 1 to complete March 2017	Workflows are now being developed within our CRM system. Workflows for complaints, ASB, repairs reporting and general enquiries are now live. All other areas with Phase 2 of the project are scheduled for delivery by April 2017.
Mobile working	Introduce mobile devices for customer facing staff	All ESAs are using mobile devices.  CRM is being developed with mobile platforms so that it can be viewed on iPad and accessed through the website.	Fully integrated mobile technology	This will form a central part of Phase 3 of the CRM implementation and will be delivered early in the new year.

## 2. People Strategy Delivery Plan 2014–17

### Developing our culture

Actions	Milestones 2015-16	Update May 2016	Milestones 2016-17	Update November 2016
Create initiatives to engage staff through conversations, focus groups etc.	Learning circles set up	A learning circle was established for the cleaning contract review. Stakeholder review groups were established to look at workflows and consider improvements based on best practice. They looked into complaints, ASB, the Neighbourhood support service and DV. Other learning circles are under review.	To be developed as necessary	
Refresh our values and behaviours through engagement with all stakeholders	Values refreshed and embedded by November 2015	<p>Values and supporting statements were displayed in main offices by the end of 2015-16.</p> <p>The values have been used to assess staff at their end of year Performance Development Reviews (PDRS).</p> <p>The values will be further reinforced during 2016-17 starting with the introduction of branded mugs for staff.</p>	Values refreshed and introduced 2016/7	<p>Completed values delivery and ongoing programme with Communications: "QWIIIC word"</p> <p>Behaviours on schedule for completion prior to the next Performance Development Review cycle.</p> <p>PDR's and Policy for 2017/18 in redesign</p>
Embed the business plan and strategies	Briefings for all staff held. Communications developed	<p>Two ET briefings have been held to explain and discuss the business plan. It is also regularly mentioned in the house fortnightly magazine <i>Insider News</i>.</p> <p>Further information updates are planned for 2016-17</p>	Values embedded	ET updates and briefings have continued along with the fortnightly 'QWIIIC Word' all staff communication.
Implement leadership programmes	Leadership programme developed and start to roll out in Q4	The Leadership programme has now been launched and will run through 16/17 and 17/18. The model will continue linking Belbin and core management skills.	Leadership programme available to all	<p>2 groups of 12 (i.e. 24 people managers) have completed this training. 1 more group of 12 people managers to commence Feb/March 2016.</p> <p>MC3 from Best companies will provide further management data on individuals.</p>

## Developing our Customer Focus

Actions	Milestones 2015-16	Update May 2016	Milestones 2016-17	Update November 2016
Further develop our customer focused personal training	<p>All staff to have attended module 3 of customer focused training</p> <p>Participate in Best Companies</p>	<p>Module 3 has been reconfigured to be delivered to teams in order to review team working and dynamics. Modules 1&amp; 2 are now one module.</p> <p>Best Companies survey completed with 84% return. Since then, we have conducted an all managers meeting on 31 March to address the feedback and commence the action planning process. We are in the process of working with Best Companies to deliver a workshop to enhance our managers' skills I staff engagement.</p>	<p>Module 3 delivered</p> <p>Conduct Best Companies Survey 2016</p>	<p>Module 3 has been delivered to all staff</p> <p>Completed in November 2016 82% response rate</p>
Agree commitments to internal customers	A code of practice for internal customers agreed		Code of practise to be operational March 2017	Code of practice and place and due for review in 2017

# Increasing Employee Engagement

Actions	Milestones 2015-16	Update May 2016	Milestones 2016-17	Update November 2016
Job shadowing	HR Team to keep records and measure activities.	<p>Reviewing recent activity during 15/16 to analyse success with regard to transfers, promotion or improved performance in current role. A framework has been created and now forms part of the training portfolio. This will be in addition to supporting the workforce and succession planning.</p> <p>Job shadowing opportunities have taken place across the organisation. A number of secondment positions have been created over the year including Head of Neighbourhood Services and Estate Services Team Leader positions and a rent income position enabling staff to develop additional skills.</p>	Report on the amount of job shadowing opportunities taken up March 2017	Continue to promote job shadowing opportunities across the Group. Call Centre staff have undertaken significant shadowing to enable a higher proportion of calls to be resolved at the first point of contact and to gain greater insight into the work of the Group.
ET to attend team meetings		Members of the Executive Team (ET) undertook to visit staff in various teams. This has been extremely well received. ET will continue this initiative and rotate the teams which they visit and continue with different staff groups. The second groups of staff to meet ET members over the coming months have now been organised	ET to visit all staff by April 2017	Ongoing. By April 2017 Executive Team will have met all staff individually.
Staff conference	Will be held in June to focus on customers	<p>The conference was a success attended by 183 staff.</p> <ul style="list-style-type: none"> <li>Staff gave the conference a rating of 8.4 out of 10, up from 8.2 for the 2014 conference. This is the third straight year of increased satisfaction, with 2013 recording 7.9.</li> </ul> <p>The 2016-17 conference has been booked to take place in July 2016 and will include all Repairs Direct staff as well as TMO staff.</p>	Repairs Direct invited to Staff Conference in 2016	<p>2016/17 Staff Conference delivered with increase positive feedback on all aspects. Robert' presentation on the Housing sector and impacts on the TMO being the most popular aspect of the day.</p> <p>Reviewing format for 2017 to give a different dynamic and energy to the day.</p>
Team away days			Programme in place by April 2016	A programme of away days is in place across all directorates. The focus of these is to embed our values and behaviours and to develop other aspects of our staff engagement action plans.

Standardise 1-to-1 process	New 1 to-1 process rolled out by Q3	Completed review of 1-to-1 forms. Guidance and process agreed with SMT. Introduced in September to support mid-year reviews, to make them more robust and to aid performance related discussions.	Complete	New 1 to 1 process in use across the Group
Performance Development Review	80% completion of forms at year end	End of year Performance Development Reviews have been completed with a 95.6% return rate.	100% completion of forms by 2016/17	Measured at year end

## Developing our brand and becoming an employer of choice

Actions	Milestones 2015-16	Update May 2016	Milestones 2016-17	Update November 2016
Staff rewarded under new pay and grading	Fully implemented by Q1	Completed	Completed	
Clarify the benefit package for staff	Clear benefit statement to all staff by Q3	Benefit statement sent to all staff during Q4.	Review whether annual statements to be sent out	Currently reviewing the need for additional benefit statement in 2017
Apprenticeship/graduate programme considered	Look at graduate trainee options	A business paper has been researched and drafted recommending an apprenticeship launch in 2017/18 and a graduate trainee option to be reviewed again in 2017/18..		See page 12

## Internal Communication

Actions	Milestones 2015-16	Update May 2016	Milestones 2016-17	Update November 2016
Review <i>Insider News</i>	Survey carried out by Q1	<i>Insider News</i> will be replaced by <i>Qwiic Word</i> in May. (QWIIC is a mnemonic for the TMO Values – Quality/Working Together/Integrity/Innovation/Commitment)	Insider News to be rebranded May 2016	Qwiic Word is provided for staff every fortnight and has been positively received.
Review other methods of staff communication	Act on staff feedback.	ET updates to all staff are circulated by email.	Updated circulated regularly	Ongoing
Celebrate success	Staff awards	At the 2016 staff conference, QWIIC awards will be presented to staff best demonstrating the TMO values.	Align staff awards with Values June 2016	The awards were presented to staff along with a CEO award. Feedback from the staff conference was positive.



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

#### Employment, skills and training

Actions	Milestones 2015-16	Update May 2016	Milestones 2016-17	Update November 2016
Develop roadshows focusing on employment and training	Hold two roadshows	Two Roadshows were held, one in June 2015 and one in February 2016. A new series of 2016/17 local roadshows have been arranged under the banner <i>TMO LIVE</i> .	Second Roadshow to be held in March 2017	First TMO Live Roadshow held on 14 May 2016. Total of 287 residents in attendance. Second event is being planned and will be held in March 2017.
Maintaining Gold Standard of the worklessness charter	Gold Standard maintained	Pathways to Work Gold Standard maintained	Maintain Gold Standard	TMO Live roadshows provide employment & training IAG for residents - delivered by a number of local TMO partners, including RBKC H&W officer and the Clement James Centre.
Apprenticeships	Apprentices recruited under framework agreement	<p>As part of the added value element of the New Framework Contract, the contractors provide both training and employment opportunities. To date:</p> <p>Keepmoat has provided a number of training opportunities throughout the year including asbestos awareness, conflict avoidance, first aid, fire marshal training, health &amp; safety and site management safety and equality &amp; diversity awareness.</p> <p>The contractor has also offered a number of work placements including for under 16s, administrative roles and graduate posts. In addition, placements have been offered in the resident liaison team which has resulted in a local resident liaison officer being appointed. Wates has provided a number of training courses including asbestos awareness and safety awareness</p> <p>The contractor has also offered a number of work placements for under sixteens, an apprentice trades persons and graduate trainees.</p>	Continue to recruit and train apprentices	<p>Resume of work placement / training provided under the Framework Contract:</p> <p>Keepmoat Sponsorship of CSCS card exam for local resident x 1 (June).</p> <p>Provision of Customer Care/Conflict Avoidance course x 40, Equality &amp; Diversity training x 40 persons completing administrative work experience x 2 (July- ongoing).</p> <p>Provision of Level 1 Award H&amp;S in Construction Environment course x 15, Smart Phone training for over 50's, work placement x 1 (August).</p> <p>Provision Level 1 H&amp;S Awareness course x 20, work placement x 1 (September).</p> <p>Fire Marshal &amp; Occupational Health 1 planned for February 2017.</p> <p>Wates provision of training to Sub Contractors – Asbestos Awareness x 15 (June 2016)</p>

		The contractors have a Social Value Plan to manage and monitor performance in this area prioritising KCTMO residents but initiatives can include non-KCTMO residents.		Provision of Summer Start Right for site team (July).  Provision of Site Management Safety Training Scheme (SMSTS) course x 2 (August)  Building Futures two week course for local residents x 10 (August)
Investigate apprenticeships at Repairs Direct			Appoint two apprentices to Repairs Direct	3 work placements have occurred during 2016, as a taster for a broader apprentice scheme. The team are now developing a programme to launch up to 2 apprenticeships from September 2017
Support work placements and work experience	Host at least two work experience placements	Repairs Direct has advertised for three 14-15 year olds looking for two weeks' work experience who are interested in a career in housing and maintenance.  The recruitment drive for a bank of local people was put on hold at the end of 2015/16. It was necessary for the service to recruit staff with housing experience on fixed term contracts to help with the mobilisation of CRM. The plan to use local people to act as a contingency and support for the Customer Services Centre will be explored again in 2016/17	Continue to offer work placements and work experience	3 work placements have now occurred. 1x 19 year old was referred by the RBKC Worklessness Unit and 2x 15 year olds have spent 2 weeks working alongside operatives, sampling a range of trades

## Financial and social inclusion

Actions	Milestones 2015-16	Update May 2016	Milestones 2016-17	Update November 2016
Maximise income through welfare officers	Welfare officers begin preparing residents	Welfare Officers and Tenancy Support Officers signposting customers to financial advice and assistance. The TMO has been raising awareness of Universal Credit on the website and in <i>Link</i> magazine. The Heads of Neighbourhood attend the Welfare Reform Benchmarking Sub Group.	Residents continue to be supported through the introduction of universal credit.	The Welfare Officers continue to provide financial assistance and advice. The role is particularly important as we see the role out of Universal Credit across the borough. They will be supporting residents through the process and assisting them with applying for Assisted Payment Arrangements.
Facilitate access to affordable credit	Continue to support the credit union	The Credit Union continues to use accommodation at the TMO offices at 346 Kensington High Street.	Continue to support the credit union	In 2016, Board approved a £100k loan to the Credit Union
Set up and maintain children and youth forums	Children forum set up in south. Youth forums established in the north and south	The Youth Project has now set up Youth and Children's forums in the north and south which encompass forums and sport activities.	Continue to expand the youth engagement	A total of 360 young people signed up to the YEP. Sports project run in north and south of borough – completed 5 November. New initiatives to be delivered from 2017/18.
Work with health trainers and healthy eating initiatives	Hold three cook and taste events	Cook and taste sessions were held at the road shows in June and February and at the Residents' Conference in September.	Continue to work with health trainers	Health Trainers and Healthy Hearts projects deliver health checks, workshops and advice at TMO roadshows and annual residents conference.
Supporting older people	Host a senior citizens' party Investigate visiting service for older people	Senior citizens' party was held in January.	Hold an annual senior citizens party	Senior Citizens party scheduled for 20 January 2017. Target - 200 attendees. Posters in estate noticeboards, and advert in LINK magazine. Bookings currently being taken.
Supporting a local charity	New charity chosen and £1,000 collected	£1,600 raised for 14/15 charity St John's Hospice. Now fundraising for local charity, Full of Life. Fund-raising events have been planned throughout the year and £2,500 has so far been raised for the charity.	Choose a local charity and support	Current charity receiving support from staff charitable activities is SMART (St Mary Abbots Rehabilitation and Training)

## Environment and community improvements

Actions	Milestones 2015-16	Update May 2016	Milestones 2016-17	Update November 2016
Helping community centres to develop financially sustainable models of operation	New charges agreed and four centres improved	Four more community centres have been decorated.	Community Centres rebranded and increase bookings	Community Centres rebranded as 'KC Places'. Effective management arrangements are now in place resulting in increased bookings and positive feedback from our customers
Support projects to reduce antisocial behaviour and crime reduction	Housing Regeneration Programme (HRP) bids agreed and delivered	The 2015/16 HRP bids were reviewed and prioritised at the April Operations Committee.  These schemes have been completed within the financial year with residents providing positive feedback on the schemes.	Continue to support HRP bids	Three Housing Regeneration schemes for 2016/17 were approved at the May operations committee and are progressing well. These include: a project to redesign bin stores and redesign the surrounding landscape, a project to install gates to increase security in an area subject to ASB and fly tipping, and a project to install kitchen gardens and a vehicle and pedestrian gate
Facilitating community information sharing and communication	Four new resident associations established.  Four RA newsletters circulated	Seven new RAs and compacts established and three RA newsletters circulated.	Continue to support new RAs and compacts	A further five new RAs and Compacts established and three RA newsletters circulated
Creating and improving spaces for play and interaction and keeping spaces attractive and well maintained	HRP bids approved and delivered.  Garden competition held	The Gardens Competition was held in September 2015. The process is currently being reviewed to consider what improvements can be made.  New equipment has been purchased for a number of play areas. One of this year's HRP schemes included the provision of outside gym equipment.  A games patch has been refurbished in Kensal New Town which holds youth football programmes and girls multi-sport sessions.	Hold a successful Gardening completion	Gardening competition continues annually and HRP continues to receive funding

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

### Understanding costs and comparing with others

Actions	Milestones 2015-16	Update May 2016	Milestones 2016-17	Update November 2016
Budget: continue and improve budget review	<p>New financial director to review overall budget strategy and investment requirements</p> <p>Set budget for 2016-17 for Group at target and challenge utilising improved benchmark information</p> <p>Agree Board strategy on utilisation of reserves</p>	<p>Budget strategy reviewed in setting 2016/17 budget. 5-year budget trend analysis provided as part of the process.</p> <p>In preparation for 2017/18 budget process, teams and functions have been requested to undertake service reviews to identify cost savings, efficiencies and different ways of working.</p> <p>Budget for 2016-17 completed and agreed.</p> <p>At the 23<sup>rd</sup> July Board, it was resolved to approve the use of £250k of retained reserves to fund infrastructure investment required to deliver identified projects for delivery by 2020</p>	<p>Implement strategy:</p> <ul style="list-style-type: none"> <li>• Undertake service reviews</li> <li>• Manage CRM budget as agreed by the Board</li> <li>• Set budget for website and intranet</li> </ul>	<p>Service reviews have been completed across the Group and a range of efficiencies have been identified within the 2017/18 budgeting process</p> <p>Budget in place to complete CRM project and deliver new website/intranet. Phase 1 completed within budget. Phase 2 on target and phase 3 yet to be planned</p> <p>Project Manager in post and scoping of website project and budget began</p>
Benchmarking: set up peer group for HouseMark benchmarking based on business criteria and drivers	<p>Complete peer group selection by July</p> <p>Receipt of full peer group analysis October</p>	<p>Meetings are being arranged with HouseMark to review 2015-16 input and peer group selection</p>	<p>Use annual analysis to inform budget decisions</p>	<p>We continue to subscribe to HouseMark and submit information for comparison. Used for benchmarking key indicators as well as operations</p>

## Achieve VFM through effective procurement

Actions	Milestones 2015-16	Update May 2016	Milestones 2016-17	Update November 2016
Framework: complete implementation of framework agreement	<p>Obtain binding decision from Upper Tier Tribunal</p> <p>Complete leaseholder consultation on framework</p> <p>Undertake leaseholder consultation on works using framework</p> <p>Launch framework with contractors/ consultants, emphasising delivery and VFM in TMO context</p> <p>Increase customer satisfaction</p>	<p>Successful decision from the UTT which has changed the legal position for all of England &amp; Wales. A lot of publicity in trade publications and the TMO has been contacted by various people on the back of the result to establish how the frameworks should be set up.</p> <p>Despite a multitude of challenges around the s.20 consultation, the UTT ruled that the consultation was fully compliant.</p>	<p>Update framework and manage mini competition</p> <p>Undertake leaseholder consultation on works using framework</p> <p>Increase customer satisfaction</p>	<p>Mini-tender of Framework partners for Years 3 &amp; 4 will be complete by July 2017.</p> <p>First phases of framework contracts affecting leaseholders are currently being mobilised.</p> <p>Feedback will be collected on completion.</p>
Utilise contract management skills to monitor contracts	Complete recruitment of contract management and framework team	<p>The TMO is now using the asset management framework arrangement to provide contractors and consultants for capital work. The contractors are KeepMoat and Wates and the consultants are JRP and Baily Garner.</p> <ul style="list-style-type: none"> <li>Invest in community with contractors</li> </ul> <p>Start apprenticeship scheme</p> <p>A Procurement Manager has been appointed.</p>	<p>Invest in community with contractors</p> <p>Start apprenticeship scheme</p>	<p>Team is in place.</p> <p>Performance is monitored through collection of KPIs.</p>

## Efficiency in service delivery

Actions	Milestones 2015-16	Update May 2016	Milestones 2016-17	Update November 2016
Implement CRM project (refer to the Customer Strategy)		See the Customer Strategy		<b>See customer strategy</b>
Assess impact of Universal Credit on arrears and the working methods of income management	Commencement of Universal Credit in the borough	The TMO is continuing to monitor the progress of the Universal Credit rollout and the Council has agreed to continue to support staff for a further year.	Assess UC first year and revise resources where necessary	<p>The TMO has seen a steady increase in the number of UC claimants, which is currently impacting on 41 households. Of these we have 19 that are on Alternative Payment Arrangements.</p> <p>The Welfare Reform Service now sits within the Rent Income Team, which should enhance the service offered to residents, with relevant support given before taking any enforcement action.</p>
SLA reviews	Review Legal Services SLA	The review of the legal services SLA has been superseded by a VFM incentive to procure legal services on a commercially advantageous basis		

## Promote and embed VFM culture

Actions	Milestones 2015-16	Update May 2016	Milestones 2016-17	Update November 2016
Publicise strategy to staff and key partners	All staff aware and signed up to VFM strategy	SMT looked at VFM and cost savings in relation to the 2016-17 budget setting.	<p>SMT to review budgets for 2017/18 and show VFM Q3</p> <p>Evidence procurement savings from new contracts and framework</p>	<p>SMT have reviewed services across the Group as a part of the 2017/18 budget setting process and reduced costs by 2%</p> <p>Procurement savings have been identified for 2016/7</p>



## 5. Growth Strategy Delivery Plan 2014-17

### Regeneration and development with RBKC

Actions	Milestones 2015-16	Update May 2016	Milestones 2016-17	Update November 2016
Complete Grenfell Tower refurbishment	Project complete (£11.5m)	Grenfell Tower regeneration is approaching its final stages.	To be completed in Q2	Completed within budget and positive feedback from RBKC
Deliver Hidden Homes programme & develop future pipeline	<p>Nine new homes at Grenfell Tower (£650m) delivered</p> <p>Seven new homes at World's End (£742k) delivered</p> <p>Three new schemes, with five homes being assessed (£720k)</p>	<p>Completed successfully and well attended opening viewings with the Leader and Deputy Leader</p> <p>Hidden Homes projects are being considered at Longlands Court, Lowerwood Court and Elm Park House.</p>	<p>Deliver agreed programme of Hidden homes by Q4</p>	<p>9 new homes delivered as part of Grenfell Tower.</p> <p>7 delivered as part of Whistler Walk</p> <p>Now on site for 9 new homes at 91 Tavistock Crescent.</p> <p>Pipeline of further schemes being developed with RBKC</p>
Work with RBKC on identified estate regeneration at Treverton, Warwick Road and Trellick Tower	<p>RBKC and TMO work together on managing the process for consultation and delivery</p> <p>RBKC to confirm TMO is preferred manager for new homes developed</p>	<p>More detailed capital monitoring procedures have been developed which set out the working relationship between the TMO and the Council on the asset management projects. These will be included in the next version of the Management Agreement and are in preparation for further regeneration opportunities involving extensive partnership working.</p>	<p>By Q4 evidence delivery of asset information linked to RBKC's regeneration programme.</p>	<p>KCTMO is working to support RBKC in the development of regeneration appraisals and feasibilities – primarily by providing information on the current condition of the assets and the ongoing maintenance requirements.</p>

## Review current services

Actions	Milestones 2015-16	Update May 2016	Milestones 2016-17	Update November 2016
External contracts: review all external contracts and have outline timeline for reviews and business assessments over the next five years	Review any contract as a new business opportunity	Any contract will be reviewed as a potential new business opportunity	Review any contract as a new business opportunity	Ongoing. Cleaning contract reviewed in 2016 and Board agreed not to take this in house and external procurement undertaken.
Cleaning contract re-procurement : TMO to review and assess any business opportunity	Decision to bring in-house or re-procure	The TMO Board considered the possibility of providing an in-house service and have decided to re-procure the service externally. The tendering process is nearing completion with a new contract due to go live in October.	New service or contractor in place by Q3	New contract awarded to OCS including the London Living wage as agreed by RBKC.
Repairs Direct: to deliver key objectives around quality and performance of service	Improvement plan to be completed and delivered  Reduce the number of sub-contractors  Develop the capacity to deliver parts of the capital programme	Review satisfaction with repairs  Agree new pricing model with RBKC to ensure budget surplus is agreed.	Review satisfaction with repairs ( Q4)  Increase in surplus in financial plan	Customer satisfaction has shown a minor uplift YTD, versus the 15/16 score and is now being monitored via text, as well as telephone surveys. All KPI's from April to September are green including new KPI introduced in April around average time for completion  Revised financial plan will grow surplus to 4% of revenue by end 2020/21

## Asset investment

Actions	Milestones 2015-16	Update May 2016	Milestones 2016-17	Update November 2016
Recruit capital team to deliver programme	Capital programme delivered	The Capital Programme resulted in a £11.8m spend against a revised budget of £11.5m. Additionally a further £6m was spent at Grenfell Tower on Hidden Homes.	Capital programme to be delivered	Team is fully staffed.  2015-16 programme delivered to budget. On target to deliver £13m programme in 2016-17
Evaluate opportunity to provide services to other providers	Explore and investigate small provider market (TMO and community organisations)	Agree forward programme in HRA business plan	Continual to evaluate and explore opportunities Q4	Being developed with RBKC in context of 2017-18 Budget setting.  May require further review in context of Government White Paper / Housing and Planning Act.

## Develop new services

Actions	Milestones 2015-16	Update May 2016	Milestones 2016-17	Update November 2016
Community Alarm Service (CAS): review service capacity to increase services to private sector or look at health opportunities	Review/complete and business plan agreed	RBKC agreed to retain TMO CAS service.		Ongoing review
Older tenants: review tenants profile to see if additional services required due to age	Identify investment requirements  RBKC agreement to increase funding to			Ongoing review

	address service development			
Leasehold services: assess the idea of a leaseholder repairs service from Repairs Direct	Decision to develop service or not	Survey returns from lessees suggest that this is very much a service that they are interested in. RD Business Plan includes proposal to offer a repair service to leaseholders by Q4 2016-17.		Repairs Direct will be offering repairs services to leaseholders from November 2017

## Expanding membership services

Actions	Milestones 2015-16	Update May 2016	Milestones 2016-17	Update November 2016
Complete review of membership list to agree number of members	Membership target achieved (5,500)	Achieved 500 additional by year end	Membership target agreed (6,000)	Targets met and dedicated officer now in place to organise and co-ordinate campaigns
Review and look at other membership organisations to see what works				Benefits for members currently under review

## Opportunistic growth

Actions	Milestones 2015-16	Update May 2016	Milestones 2016-17	Update November 2016
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<p>To monitor the market, identify opportunities and assess risk</p>	<p>Explore Westway resident engagement opportunity</p> <p>Opportunity to offer a Right To Buy (RTB) administration process for housing associations.</p>	<p>The TMO has identified resident engagement opportunities in the north and the south to the borough which are currently in negotiation. This will be reviewed at the end of the Housing Associations RTB pilot exercise.</p> <p>ET and Board reviewed the opportunity to provide this service at its away day and agreed it did not fit its objectives</p>	<p><b>By Q4 identify if this could be achieved</b></p> <p><b>Board to review Business Growth opportunities at its away day in June 2016 (Q2)</b></p> <p><b>RD Business Plan identified a number of opportunities to grow the Business to be delivered in Q3/4</b></p> <p><b>Homeownership to review market to identify opportunities for growth in service (Q4)</b></p>	<p>Five-month contract with Westway Housing Association – project successful, all objectives achieved.</p> <p>WHA expected to approach TMO in future to deliver further resident engagement services on ad hoc basis.</p> <p>Due to the political the RTB for Registered Providers (RP's) is behind schedule and waiting for outcome of Autumn statement in November</p> <p>ET and Board reviewed a number of opportunities and agreed a number of areas they wanted the Executive to explore by the end of the financial year (March 2016)</p> <p>RD &amp; TMO Board agreed a new Business and Financial Plan to cover the next five years including investment funds in 2016/17 to develop services</p> <p>RD Board agreed to look at piloting a handy man service and repairs service to leaseholders and this was launched (November 2016)</p> <p>RD will be looking at opportunities in Capital Programme and contracts currently externalised and have a clear calendar timetable by the end of year (Q4)</p> <p>Some initial scoping has been completed and we expect to be in a position by Q4 to come back to Board with proposals on this subject</p>
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**THE ROYAL BOROUGH OF KENSINGTON & CHELSEA  
TENANT MANAGEMENT ORGANISATION LIMITED**  
(the "Company")

**FINANCE, AUDIT AND RISK COMMITTEE**  
(the "Committee")

Minutes of a meeting of the Committee of the Company  
held on 19 October 2016 at 6.30pm  
at 346 Kensington High Street, London W14 8NS

**PRESENT:**

**Resident Board Members** Anne Duru - Chair  
Alan Barnett  
Minna Korjonen

**Independent Board Member** Anthony Preiskel

**IN ATTENDANCE:**

Barbara Matthews	- Executive Director of Financial Services & ICT
Rupa Bhola	- Assistant Director of Financial Services
Janet Seward	- Policy Adviser
John Barnett	- RBKC Internal Audit
Truda Scriven	- Interim Head of Governance & Company Secretary (Minutes)

*Anne Duru, Board Vice Chair, was declared elected as Chair of the Finance, Audit and Risk Committee*

**1. NOTICE, APOLOGIES AND QUORUM**

- 1.1 Notice had been given to all members of the Committee entitled to receive notice and attend the meeting.
- 1.2 There were no apologies for absence.
- 1.3 The meeting was quorate according to the Terms of Reference of the Committee.

**2. MINUTES OF THE MEETING HELD ON 7 JULY 2016**

- 2.1 The minutes of the meeting held on 7 July 2016 were **APPROVED** and signed as an accurate record of the meeting.



### **3. MATTERS ARISING**

- 3.1 There were no matters arising not appearing elsewhere on the agenda.

### **4. DECLARATIONS OF INTEREST**

- 4.1 There were no declarations of interest.

### **5. INTERNAL AUDIT PLAN PROGRESS REPORT**

- 5.1 RBKC Senior Audit Manager, John Barnett, introduced the new Committee members to his role and remit. He provided the Committee with an assurance that the RBKC TMO Chief Executive had a strong focus on the good governance of the organisation.
- 5.2 An update on progress against the internal audit recommendation implementation summary had been circulated. Key findings from the internal audit work completed for each of the years 2014/15, 2015/16 and 2016/17 were highlighted..
- 5.3 Attention was drawn to some incomplete entries on the schedule and that some recommendations for implementation remained outstanding. The Senior Audit Manager would ask his team to review these matters and would report again to the Committee. Further information from the executive regarding these entries would also be requested. In particular, the length of time to implement the HR recommendations was emphasised. An urgent review of progress would be conducted by the Executive Director of Financial Services & ICT and the information circulated to the Committee to provide assurance of its early resolution.
- 5.4 The report was **NOTED**.

### **6. BUDGET MONITORING REPORT**

- 6.1 The Budget Monitoring report for the period to 30 September 2016 had been circulated.
- 6.2 The year to date result was shown as a £16k surplus compared to the budget position of £1k. The forecast outturn for the year was a £20k surplus. It was estimated that £41k of the £250k, agreed by the Board to be allocated from reserves for the CRM and website development, would be incurred on the website project during 2016/17. The forecast outturn presented was before this project management cost which would be incurred from October 2016. The end of year financial position of the project would be set within the overall Group accounts.
- 6.3 The cost of the fire risk assessment work for Adair and Hazlewood is covered by the additional HRA funding agreed by RBKC. . Other detailed responses to the further enquiries of the Committee were provided by the Assistant Director of Financial Services.

- 6.4 The implementation of the Agresso financial system was ongoing and the resource allocated by RBKC to provide assistance had been extended.
- 6.5 The Treasury Policy previously approved by the Committee was being put in place.
- 6.6 The Budget Monitoring report was **NOTED**.

## **7. CORPORATE RISK MAP 2016/17**

- 7.1 The updated 2016/17 Corporate Risk Map and Risk Management Strategy and Procedure had been circulated.
- 7.2 The responsibility to monitor the scope and effectiveness of the systems to identify, assess and manage all material risks to the organisation had been delegated to the Committee by the Board. Following a thorough assessment, the Committee would need to satisfy itself that the Corporate Risk Map could be recommended to the Board for approval.
- 7.3 The Risk Matrix was described by the Policy Adviser and each of the 8 corporate risks were reviewed in detail.
- 7.4 The Chair was pleased to note that the approach to risk reporting had developed well and provided the Committee with greater clarity.
- 7.5 After consideration, it was unanimously agreed to **RECOMMEND** the Risk report to the Board at its next meeting.

## **8. CRM UPDATE**

- 8.1 A report updating the Committee on the implementation of the CRM system had been circulated. Responsibility to monitor the effectiveness of the implementation had been delegated by the Board to the Committee.
- 8.2 The CRM system had gone live in May 2016. It was therefore still early in its lifecycle and development. A single view of all resident information was already available to customer service centre staff which had been a positive functional outcome. The system had been well received by staff and training was ongoing.
- 8.3 Performance management information had been enhanced and an audit of the reliability of key indicators, including the number of cases open, was underway.
- 8.4 A range of questions on the speed, functionality and timescale for development of the CRM system were responded to by the Executive Director of Financial Services & ICT. The Committee was pleased to note that there was good project control and encouraging outcomes.
- 8.5 The CRM Update report was **NOTED**.

## **9. EXTERNAL AUDIT PROCUREMENT**

- 9.1 RSM UK Audit LLP had undertaken the audit of the Kensington & Chelsea Tenant Management Organisation Limited financial statements for the last 9 years. It was current best practice that an audit firm be appointed for 3 years with provision to extend this for a further 2 years, but to a maximum of no more than 7 years. Therefore, for no other reason than RSM had provided the service to the TMO for over 7 years, it had been decided that the service should be procured in 2016/17 to commence the contract with the audit of the 2016/17 financial statements.
- 9.2 A restricted Intention To Tender route had been chosen to ensure the firm appointed would be able to provide the services the TMO Group required. The procurement process was being run by the Finance team with support and advice from the Head of Procurement.
- 9.3 It was reported that no tenders had been received by the return date in the ITT of 18 October 2016. The reason that no bidders had responded was unclear; further information had been requested. Approaches would now be made to other suitable audit firms. The Committee was concerned that this further step should be promptly undertaken.
- 9.4 The interview panel could consist of the Executive Director of Financial Services & ICT, the Assistant Director of Financial Services and 2 Board Members. Anne Duru and Anthony Preiskel confirmed their availability on 23 November 2016.
- 9.5 The report was **NOTED**.

## **10. Any Other Business**

- 10.1 Alan Barnett was elected as Vice-Chair of the Committee.
- 10.2 It was **AGREED** that an additional meeting of the Committee be scheduled for Thursday 26 January 2017. This meeting would be to focus on the Internal Audit Plan and to review outstanding recommendations. The RBKC Fraud Report for the first 9 months of the year would also be shared with the Committee at that meeting.

## **11. DATE OF NEXT MEETING**

- 11.1 The next meeting of the Committee was scheduled for Wednesday, 7 December 2016.
- 11.2 The meeting closed at 7.50pm

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

**OPERATIONS COMMITTEE**  
(the 'Committee')

**Confidential**

Minutes of a meeting of the Committee of the Company  
held on 27 October 2016 at 6.30pm  
at 346 Kensington High Street, London W14 8NS

**PRESENT:**

<b>Resident Board Members</b>	Mary Benjamin Alan Barnett Minna Korjonen Sharon Price	- Chair
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<b>Independent Board Members</b>	Simon Brissenden
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<b>Council-Nominated Board Members</b>	Cllr Judith Blakeman Paula Fance
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<b>APOLOGIES</b>	Maria Escudero-Barbaza Derek White
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<b>IN ATTENDANCE:</b>	Yvonne Birch	Executive Director People, Performance and Governance
	Siobhan Bowman	Performance Manager
	Janet Edwards	Head of Resident Engagement
	Stuart Hill	Assistant Director of Policy and Performance
	Sacha Jevans	Executive Director Operations
	Julie Selhep	Head of Capital Investment
	Daniel Wood	Assistant Director Home Ownership
	Truda Scriven	Interim Head of Governance and Company Secretary (Minutes)

*Mary Benjamin, Board Vice Chair, was declared elected as Chair of the Operations Committee*

**1 NOTICE, APOLOGIES AND QUORUM**

- 1.1 Notice had been given to all members of the Committee entitled to receive notice and attend the meeting.

- 1.2 Apologies had been received from Maria Escudero-Barbaza and Derek White.
- 1.3 The meeting was quorate according to the Terms of Reference of the Committee.

## **2 MINUTES OF THE MEETINGS HELD ON 5 MAY 2016 AND 28 JULY 2016**

- 2.1 The minutes of the meeting held on 5 May 2016 were **APPROVED** and signed as an accurate record of the meeting.
- 2.2 The minutes of the meeting held on 28 July 2016 were **APPROVED** and signed as an accurate record of the meeting.

## **3 MATTERS ARISING**

- 3.1 Updates on the matters arising at previous meetings were considered:

### *Minute 4.2 - 28 July 2016 - Report of Why Housing Applicants Rejected Housing Offers*

A report had been provided setting out the analysis of lettings data with relevant extracts from the RBKC Housing Allocation Scheme. While the report highlighted that 90% of offers were accepted first time, no reasons had been provided as to why the remaining 10% had not similarly accepted first time. Cllr Blakeman undertook to follow this up directly with the Council and to report any useful insights to the Committee.

- 3.2 There were no other matters arising not completed or appearing elsewhere on the agenda.

## **4 DECLARATIONS OF INTEREST**

- 4.1 There were no declarations of interest at this point on matters in conflict with the agenda.

## **5 ELECTION OF COMMITTEE VICE-CHAIR**

- 5.1 This item was deferred to the next meeting as two resident committees members were not in attendance.

## **6 ANNUAL RESIDENT ENAGEMENT REPORT**

- 6.1 The annual report for 2015/16 on Resident Engagement had been circulated and was presented by Janet Edwards, Head of Resident Engagement.
- 6.2 The key objective was to increase resident engagement through the promotion and provision of a range of involvement opportunities. The detail and scope of these activities were provided along with an impact assessment for the year. Over 7,000 resident engagement contacts had been made during the year through the 13 involvement methods.

- 6.3 Increasing membership continued to be prioritised and 885 membership request forms had been signed. This enabled greater resident participation in the TMO's governance including electing Board Members and voting at the AGM.
- 6.4 The Youth Engagement Project was successful. Its core aims were delivering life skills, encouraging community participation and promoting health, well-being and fitness to young people. Cllr Blakeman encouraged the Head of Resident Engagement to apply for funding from the Youth Engagement Fund under the City Living Project.
- 6.5 The number of Resident Associations and Compacts had increased to 53 across the Borough. 10 had been either set-up or re-established during the year. The criteria for membership of a resident association would be confirmed by the Head of Resident Engagement.
- 6.6 The Residents' Conference and local Roadshows were well attended and had provided excellent workshops on a variety of important topics including employment, money management and welfare benefits. 467 residents had attended the conference – an increase on last year's attendance of 450, making it the best attended TMO conference to date. Feedback from both residents and staff had been very positive. Further training was available through the KCTMO Personal Training Academy.
- 6.7 A pilot had been paid for by Westway Housing Association to establish their new Local Area Panels. This had been successful and further opportunities were being considered with other housing associations.
- 6.8 There was some discussion concerning how the outcomes of resident engagement activities could be measured in absolute terms. Some metrics had been provided in the Impact Assessment for 2015/16 which had accompanied the report. By their nature, the outcomes of engagement activities were largely qualitative and therefore harder to measure numerically. However, the Head of Resident Engagement would review where the results of activities could be quantified eg the number of residents helped into work.
- 6.9 The positive work in this area was commended and the Head of Resident Engagement thanked for her report.
- 6.10 The report was **NOTED**.

## **7 PERFORMANCE REPORT Q2 2016/17**

- 7.1 A report giving an overview of the performance of the TMO in key business areas during the period April to September 2016 had been circulated.
- 7.2 The following results were reported:

Repairs Direct - It had been a positive quarter for Repairs Direct, with all targets achieved for the period.

Voids and Lettings - the year to date average number of days to re-let a general needs home was 20.93 days against a target of less than 22.0 days. Void rent loss

stood at 0.75%, matching the target set for the year. The number of available voids was 51, above the target of less than 40 but an improvement on the Q1 position. The higher than target number of available voids was caused by both a high number of terminations and the percentage of properties requiring major works prior to letting.

Mechanical & Engineering - 100% of work was within set targets for communal heating, gas servicing and repairs, water quality testing and lift inspections. 96% of homes had up-to-date electrical test certificates and the programme was continuing. The length of time that the Frinstead House lift had been out of action would be checked and Cllr Blakeman informed.

Rent Collection - rent arrears stood at £1.054m at the quarter end.

Home Ownership – both the service charge and major works arrears were better than target.

Estates Services - 100% of quarterly estate inspections were completed.

Anti-social Behaviour - a total of 85 new ASB cases were reported to the TMO for the period July to September 2016.

Resident Engagement - all performance indicators for the year to date had achieved set targets.

Customer Service Centre - between July and September 2016, the Customer Service Centre received 22,152 calls. The CSC noted a peak in calls in September relating to the communal heating switch-on. During the quarter the call centre answered 95.19% of calls. The technical issues with the call-back function had since been resolved.

Complaints - Q2 performance in responding to complaints within the published timescales was below target of 90% (Stage One 76.5%; Stage Two 58.3%). This was due to significant staff changes alongside a high volume of complaints and a change in the business system to CRM. However, since the end of August all new complaints had been responded to within the published timescales and this was expected to be maintained.

Membership - 209 new Members had joined the TMO so far in 2016/17.

7.3 The Q2 2016 Performance Report was **NOTED**.

## **8 NEIGHBOURHOOD MANAGEMENT UPDATE REPORT**

8.1 The Neighbourhood Management update report covered the activities of the neighbourhood management team for the period of 1 July 2016 to 31 September 2016. The report was presented by the Executive Director Operations.

8.2 A detailed and comparative analysis of the new anti-social behaviour cases and action taken in Q2 were set out in the report for the Committee. There was some discussion concerning the nature of the cases and police involvement in the



reporting process. It was confirmed that the housing officers had a close working relationship with the police and, where appropriate, residents were advised to report criminal matters directly to the police.

- 8.3 17 of the 36 satisfaction surveys had been completed in Q2 representing a 47% return rate. This was ahead of the 30% return rate seen in Q1.
- 8.4 The number of Q2 case referrals to the Neighbourhood Support Service remained the same as Q1 at 18. The number of case closures was 34 reducing the live case number to 21.
- 8.5 Tenant arrears had been covered in the Performance Report. It was reported that work was progressing with the development of CRM to produce a tailored system for the Rent Income team to manage arrears cases.
- 8.6 The impact of the ongoing reforms to welfare benefits on residents and the TMO was presented in the report.
- 8.7 In May 2016 the Operations Committee had reviewed the bids for the 2016/17 Housing Regeneration Projects. The scope of works of the successful projects was detailed for Penzance Street, 60 Slaidburn Street and Corbett House. The work was being tendered and would be on site in January 2017.
- 8.8 The refurbished Lancaster West Area office had opened. It now also served the communities of the Silchester and Henry Dickens Estates and surrounding areas. Although the correct spelling of Latymer was with a 'y', the name of the nearby tube station was spelled 'Latimer'. The office name was consistent with the signposting of this key close by location. However, whether the office signage had been finalised would be checked.
- 8.9 The report was **NOTED**.

## **9 HOME OWNERSHIP UPDATE REPORT**

- 9.1 The Home Ownership update report was presented by the Assistant Director, Home Ownership. It highlighted the activities of the business area for the second quarter of 2016/17.
- 9.2 The Q2 service charge arrears had reduced by £5,313 to £122,124. This met target. The arrears target for major works collection for Q2 had been better than target with arrears increasing by only £90,173 to £1,305,438.
- 9.3 An application to the First Tier Tribunal had been received by RBKC from a number of homeowners on the Swinbrook Estate concerning the replacement or repair of windows. A stay of proceedings had been agreed subject to further consultation with the homeowners.
- 9.4 The report was **NOTED**.

## **10 CAPITAL PROGRAMME UPDATE REPORT**

- 10.1 An update report on the capital programme had been circulated. It provided the updated capital budget, programme position and the challenges facing the delivery of the lift renewal and external works contracts in 2016/17.
- 10.2 At the Board meeting on 29 September 2016 the projected spend was revised from £16m to £13m. This was in response to the significant issues raised on two elements of the programme and associated delays of the:
- Lift Renewal Programme; and
  - External Works Programmes in respect of the window repair or replacement.

The spend to the end of September 2016 was £4.79m; the detail of which had been set out for review in a table in the report.

- 10.3 The first lift renewal had been instructed to Clydesdale House, a block with no leaseholders. An estimated spend of £100k was forecast for the 2016/17 financial year. The remaining programme value of £3.9m was allocated during 2017/18. In advance of the other works being instructed for subsequent lifts, the technical advice and business case for each lift would be considered and signed off by officers at RBKC. The final stage of the formal leasehold consultation was about to progress and consideration would be taken of any risk attached to the recovery of leasehold contributions.
- 10.4 Under advisement, Alan Barnett withdrew his question regarding the capital budget allocated to the Swinbrook Estate replacement/repair of windows.

*Mr Barnett had registered an interest that he was party to the action being taken to the First Tier Tribunal by a group of leaseholders on the Swinbrook Estate regarding this matter.*

- 10.5 The scope and programme of works to be undertaken at Trellick Tower was presented. The procurement process was reaching the final stage. Wates had submitted the competitively tendered subcontractor packages of works to the TMO's consultant Baily Garner which would be reviewed for value for money. The Committee was concerned that only 10 residents had attended the initial consultation meeting held on 12 October 2016. There was some discussion about the range of engagement activities and information about the forthcoming works that should be offered to the residents of Trellick Tower. This should include the lessons learned from the Grenfell Tower works and the Grenfell Tower Compact residents' own report – "the Grenfell Pathway ". The Committee was assured that further action would be taken to ensure that all residents understood the nature, impact and timing of the works proposed. A site visit for the Committee with a presentation would be arranged.
- 10.6 The planning for 2017/18 programme was underway and the Framework partners were focused on improving value for money.
- 10.7 Customer satisfaction with works in September 2016 was 97.5% for the south area and 94% for the north, both exceeding the target of 90%.

10.8 It had been agreed at the meeting in July 2016 that the capital programme should be presented to the Committee with each project stating the contractor appointed, duration of the contract, the start on site date, the completion date, contract sum and spend to date. For those projects yet to achieve a start on site, the above information should be provided showing the anticipated start on site, anticipated completion with further information such as if planning is required, the date by which the submission is to be made and planning permission granted. Also, the programme should show the time line of when S20 notices have been issued. The report to the next meeting of the Committee would be in line with this request.

10.9 The report was **NOTED**.

## **11 ANY OTHER BUSINESS**

11.1 All those present at the meeting introduced themselves for the benefit of the new committee members.

11.2 Places were available on the equality and diversity training on 1 November 2016.

## **12 DATE OF NEXT MEETING**

12.1 The date of the next meeting of the Committee was Thursday 2 February 2017.

12.2 Those present were thanked by the Chair and the meeting closed at 7.40pm.

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

Minutes of a meeting of the Board of the Directors (**Board**)  
held on 15 September 2016 at 4.30pm  
at 346 Kensington High Street, London W14 8NS

**PRESENT:**

<b>DIRECTORS</b>	Paul Mains	Chair
	Barbara Matthews	
	Eman Yosry	

**APOLOGIES:** Sacha Jevans

<b>IN ATTENDANCE:</b>	Graham Webb	Managing Director
	Rupa Bhola	Assistant Director of Financial Services
	Fola Kafidiya-Oke	Company Secretary
	Daniel Asamoah	Company Secretarial Assistant
		(minutes)

**1. NOTICE, APOLOGIES AND QUORUM**

- 1.1 Notice had been given to the directors entitled to receive notice and attend the meeting.
- 1.2 It was confirmed that the meeting was quorate in accordance with the Articles of Association of the Company.

**2. MINUTES OF THE MEETING HELD ON 14 JULY 2016**

- 2.1 The minutes for the meeting held on 14 July 2016 were approved as a true and accurate record of the meeting.
- 2.4 It was AGREED to create a declaration of interest register which would be added to the matters arising.

**3. MATTERS ARISING**

**3.1 Data on customer satisfaction and first-time fixes**

A report had been circulated by the Managing Director. Between January and August 2016 first time fixes had declined progressively. The Board was given assurance that the KPIs had been positive, and that the reasons for the decline in first time fixes was being investigated to ensure appropriate mitigation.

The main issues relating to the decline in first-time fixes was summarised as:

- issues with van stock;
- inadequate supervision of inexperienced staff; and
- misunderstanding of the task at the point of reporting and raising the task.

Data on customer satisfaction was presented. It was noted that customer satisfaction from April to August 2016 had met the Company's target of 95% except in May 2016 which recorded 91% which was as a result of delivery date failure of a subcontractor. The Board was assured that the results had been favourable when benchmarked against targets for Housemark: UK National – 82% and Housemark London – 72%.

It was AGREED to discuss the idea of the use of customers to conduct the customer satisfaction surveys with the resident engagement team and report back at the next meeting. It was felt this might encourage independence and authenticity of the survey.

3.2 The update to the matters arising was NOTED.

#### **4. DECLARATIONS OF INTEREST**

4.1 There were no declarations of interest by members of the Board present.

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

5.1 The report by the Managing Director had been circulated. There had been an improvement in performance against the operational key performance indicators and financial performance.

5.2 The report highlighted the following:

- the value of WIP had improved significantly moving to £520k above the target of £500k;
- operational productivity and sub-contracted works had seen improvement since June 2016;
- a new Commercial Manager, Sam Hart, had started with the company on 1 August 2016 and a preferred candidate had been identified to fill the Health and Safety, Environment & Quality Manager role;
- the vacant electrical supervisor role had also been filled;
- it had been challenging to fill the post of a back office planner and a new approach was being considered to identify targets;
- recruitment continued for other vacant roles with the aim of reducing temporary staffing;
- customer satisfaction was on target and;
- there had been an improvement in staff engagement.

5.3 It was suggested that the KPIs should reflect the absolute figures for the volume of activities as well as the percentages.

5.4 The Board was informed that some European staff required reassured about their future in the Company after the outcome of Brexit vote. It was confirmed that this risk had been added to the corporate risk map.

5.5 The report of the Managing Director was **NOTED**.

#### **6. BUSINESS PLAN PROGRESS REPORT**

6.1 An update on the implementation of the Company's business plan was presented by the Managing Director. The Board was informed that the service delivery enhancements were progressing well and the enhanced appointment options for tenants were to commence by the end of September 2016.

- 6.2 An update was also provided on the ongoing first service enhancement pilot. The take up of the evening and weekend appointments had been strong and the some of the operatives were in favour of the shift patterns. The Board was pleased to note that customer satisfaction was positive.
- 6.3 A two-hour slot appointment system for electrical work was set to begin in September 2016, an update would be provided at the next meeting.
- 6.4 The leaseholder repair and maintenance for plumbing work and a handyman service were being offered to leaseholders on the World End Estate and Elm Park Gardens. Plans were also being finalised for the pilot for 'paid for' services
- 6.5 The Business Plan Progress Report was **NOTED**.

## **7. SERVICES TO LEASEHOLDERS PILOT UPDATE REPORT**

- 7.1 An update on the services to leaseholders pilot was presented. This was part of the move to grow the Company as the second strategic priority of the business and financial plan. The range of tasks, which would be undertaken as permitted by the expertise of staff, were listed. The main priorities of the project had been careful delivery and to closely manage the pilot with the aim of learning from the experience.
- 7.2 The Chair commented that, out-of-hours service could be profitable. It was explained that payment issues were among the challenges for not embarking on a full out-of-hours service in the pilot programme. The plan had been to take an initial card payment as down payment which could be done during working hours. It was suggested that this challenge could be mitigated by investing in an out-of-hours payment solution, which could include mobile phone payment, card readers and PayPal.
- 7.3 Barbara Matthews advised that the Company should be commercial in the pricing of private jobs, taking the direct cost and overheads into consideration. She added that prices should be quoted inclusive of VAT.
- 7.4 The need for public liability insurance to cover for the pilot programme was raised. It would be confirmed that the Company had adequate insurance to cover the pilot programme.
- 7.5 The update report was **NOTED**.

## **8. BUDGET MONITORING REPORT 2016/2017**

- 8.1 The budget monitoring report was presented by Rupa Bhola for the first quarter of the financial year to end of July 2016.
- 8.2 The report highlighted the following:
- the surplus to date was £38k which was £6k short of the target for the first quarter;
  - actual income was £123k below the budgeted income for the period;
  - actual staff costs were £138k below budget; but subcontractor costs were £149k above the budget;
  - the Company's cash balance was £236k;
  - there was a £90k repayment made towards the parent company loan.

8.3 Concern was expressed about why the revenue was below target. It was AGREED that the Board would receive a breakdown of the figures and analysis of the financial trends at the next meeting.

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

**9. BOARD FORWARD PLAN**

9.1 The Board Forward Plan was **NOTED**.

**10. ANY OTHER BUSINESS**

10.1 There was no other business.

**11. DATE OF NEXT MEETING**

11.1 The next meeting of the Board would be 15 December 2016.

**10. CLOSE OF THE MEETING**

10.1 The meeting was closed at 5.45pm.



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

Minutes of a meeting of the Board of the Directors (**Board**)  
held on 8 November 2016 at 10am  
at 346 Kensington High Street, London W14 8NS

**PRESENT:**

<b>DIRECTORS</b>	Paul Mains	Chair (by Conference Call)
	Sacha Jevans	
	Barbara Matthews	
	Graham Webb	Managing Director
<b>APOLOGIES:</b>	Eman Yosry	
<b>IN ATTENDANCE:</b>	Sam Hart	Commercial Manager
	Truda Scriven	Head of Governance and Company Secretary (Minutes)

**1 NOTICE, APOLOGIES AND QUORUM**

- 1.1 Notice had been given to the directors entitled to receive notice and attend the meeting.
- 1.2 Apologies had been received from Eman Yosry. Ms Yosry had considered the meeting documents and passed her approval to proceed if the meeting considered it appropriate.
- 1.3 The meeting was quorate in accordance with the Articles of Association of the Company.

**2 DECLARATIONS OF INTEREST**

- 2.1 There were no declarations of interest.

**3 LETTING OF MATERIALS CONTRACT**

- 3.1 The Board was asked to consider the contents of a report which had been circulated. The paper recommended entering into a Contract between Kensington and Chelsea TMO Repairs Direct Limited and Travis Perkins Trading Company Ltd, for the supply of building materials and associated managed services, for a 4-year period commencing 2 January 2017.

- 3.2 Travis Perkins Trading Company Ltd (TP) had provided building materials to Kensington and Chelsea TMO Repairs Direct Limited (RD) since its inception in September 2013. The current contract expired at the end of November 2016 and its terms had been extended by 1 month to facilitate consideration of this proposal.
- 3.3 A replacement contract had been sourced through the Places for People Framework Agreement. The Contract Notice was issued by Places for People Group Ltd on 19 October 2015. The Contract Award was made on 19 January 2016. There were Four lots covered by the Framework Agreement. Lot 4 (One Stop Shop) of the Framework had Travis Perkins Trading Company Ltd assigned as the sole provider for all building materials, a one stop shop facility, with logistical solutions including van stocks, stock holding and integration with IT systems and dedicated customer service. The Award Summary Report, detailing the approach taken by Places for People, had been circulated.
- 3.4 A number of detailed questions were raised by the Board and responded to by the Managing Director and Commercial Manager. It was confirmed that related KPIs were being discussed as was the management of van stock. The Board was content with the comprehensive nature of the answers received from the Executive Team.
- 3.5 The entering into a Contract between Kensington and Chelsea TMO Repairs Direct Limited and Travis Perkins Trading Company Ltd for the supply of building materials and associated managed services, was unanimously **APPROVED** with effect 2 January 2017, for a term of 4 years, with a forecast value of £2.5m and the contract **RECOMMENDED** to the Group Board for approval and signature.

#### **4 ANY OTHER BUSINESS**

- 4.1 It was confirmed that Kensington and Chelsea TMO Repairs Direct Limited had a procurement timetable with contractual review dates.
- 4.2 The Articles of Association affirmed that the scheme of delegations for the Company, as a subsidiary of the parent, sat within the group documents of internal control. These documents were currently under review and input via an initial submission had been received from the Managing Director. Any proposed revisions to the documents would be brought back to the Board for approval in due course.

#### **5 DATE OF NEXT MEETING**

- 5.1 The date of the next meeting was 15 December 2016 at 4.30pm.

#### **6 CLOSE OF THE MEETING**

- 6.1 The meeting closed at 10.30am