

TENANT MANAGEMENT ORGANISATION

**Modular Management Agreement for
Tenant Management Organisations**

VOLUME 2: The Schedules

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SCHEDULE 1

Property included in the Management Agreement

A list of the dwellings and description of other land and property (by postal number and address) which are covered by the terms of this Agreement are contained in

- (a) Location Map;
- (b) List of equipment and items owned by the Council which the TMO may use;
- (c) Property; and
- (d) Commercial Property.

SCHEDULE 1(A)

Service Level Agreements & Contracts

between the TMO and the Council

	Service	Key Contacts	Up to date	E-copy available
1	Pest Control	Ann Ramage	Yes	Yes
2	Legal Services	Janette Mullins	Yes	Yes
3	Finance	Steve Mellor/Roberto Cusano	Yes	See Chapter 2 Schedule 4
4	Commercial Property	David Vickerstaff	Yes	Yes
5	Burgess Field	Amanda Johnson	Yes	?
6	Oremi and the Grove	Amanda Johnson	To be drafted	
7	Stable Way Contract	Roger Keane	Yes	Yes
8	Community Alarm System	Roger Keane		
9	Intermediate Housing	Roger Keane	To be drafted	
10	Temporary Accommodation Management	Roger Keane	To be drafted	

SCHEDULE 2

Equal Opportunities Policy and Procedures

A copy of the TMOs current equal opportunities policy is published on the TMOs website at www.kctmo.org.uk.



ch 1 sch 3 - Ensuring
Equality - Equality an

SCHEDULE 3

Supervision Notice Policy and Procedure

1. This paragraph sets out the circumstances and criteria in which a Supervision Notice may be served by the Council on the TMO. A Notice must not be served unless the Council is satisfied that there are serious failings in the financial performance, management or organisation of the TMO and there is no realistic prospect of remedying the situation by taking action under any other provision of the management agreement.

The Council will first seek to agree an Improvement Plan Chapter 1 clause 19 and will only use the Supervision Notice Procedure only as a last resort.

The Council must be reasonably satisfied that the situation and circumstances warrant this course of action.

The circumstances which may trigger service of a Notice include the following:

- An adverse Annual Review Chapter 8 clause 4;
- An adverse Five Year Review Chapter 8 clause 7; or
- An adverse Special Review Chapter 8 clause 7.

The information obtained in a review will inform the content of the proposed Supervision Notice.

Serious failings may fall within one of more of the following categories:

- Where the TMO committee has ceased to operate in a lawful or meaningful way and has no immediate plans to remedy the situation quickly;

- Where the TMO has mismanaged its housing management functions so that even most basic services are not being provided to tenants, and it has no immediate plans to remedy the situation (for example; where there is a significant increase in the level of complaints from tenants about services provide by the TMO);
- Where the TMO is taking decisions that are outside its powers and/or unlawful, and/or appears to be trading whilst insolvent;
- Where the TMO has consistently and over a long period of time failed to remedy problems which have been identified and agreed as needing action and as a result the service to tenants is being materially affected;
- An adverse annual external audit, an adverse internal audit report by the council or TMO failure to produce audited accounts within the specified timeframe in the TMO's constitution;
- Serious performance failures identified as a result of the regular monitoring visits or meetings and through performance indicator information provided by the TMO to the council;
- Consistent, continuing TMO failure to provide agreed monitoring information, provide agenda sets or allow council representatives to attend committee meetings; and
- Failure to allow the council to carry out a review under the management agreement Chapter 8 clause 7.

2. Service of Supervision Notice procedure

This paragraph 2 sets out the procedure for the council to propose serving a Supervision Notice and for the service of Supervision Notice:

The Council shall notify the TMO in writing that it proposes to serve a Supervision Notice on the TMO. The notification shall include the following:

- the reason for such action;
- the date it wishes to commence such action;
- the time period which it believes will be necessary for such action; and
- to the extent practicable, the effect on the TMO and its obligation to carry out management functions under this Agreement, any other relevant recommendations on the content of the proposed Supervision Notice;
- the name of the Council Officer responsible for serving the Supervision Notice;
- the name of the TMO Officer responsible for receiving the Supervision Notice
- the person from the Approved Panel which shall consist of not less than four persons two drawn from another Council and two from another TMO who have been approved by the parties as having the relevant knowledge and experience; (and who shall be independent of the parties and act impartially in the provision of all advice and assistance to the parties) who it proposes shall advise the parties on the reasonableness of the proposed action and make recommendations on the content of the proposed Supervision Notice.

The TMO's consent must be obtained to the person proposed by the Council to provide advice under this paragraph 2.

The Independent Person

The Independent Person shall provide external scrutiny and act as an external monitor when the Supervision Notice Procedure is being used.

The recommendations of the Independent Person shall be clear, realistic and achievable within a reasonable timescale, having regard to the circumstances of the case and financial and any other relevant constraints.

The advice of the Independent Person shall be made available to the Council and the TMO and both parties are required to accept the recommendation made by the Independent Person.

3. Content of the Supervision Notice

The Supervision Notice must include the following:

- A description of the serious problem or failing;
- The date on which the Notice is to come into effect, specifying the period of the operation of the Notice (the initial period must not exceed 6 months but may be extended for an additional period not exceeding 3 months. When that period expires it may be extended by a further additional period not exceeding 3 months);
- A description of action already taken by the Council or the TMO to remedy the problem or failing;
- Specific action, by the Council or the TMO, which is reasonably required to resolve the problem or remedy the failure;
- The timetable for implementing the proposed action;
- How progress will be monitored and reviewed including targets to be achieved in order for the Supervision Notice to be terminated; and

- How decisions on termination or extension of the Notice are to be determined and implemented.

The effect of the Supervision Notice should be to allow a time-limited intervention by the Council to provide extra support to the TMO to remedy serious problems. During the period of the Notice the TMO should normally be able to continue its management functions under the management agreement under the direction of the Council.

Actions which may be specified in the Supervision Notice to remedy serious failings include (but are not limited to) the following:

- Providing additional information, advice, training and help to the TMO;
- Strengthening the TMO's monitoring arrangements;
- Reviewing and strengthening the TMO's financial and reporting systems and procedures;
- Providing time-limited additional management support to the TMO; and
- Strengthening the TMO Board.

4. Reviewing progress and terminating the Supervision Notice

This paragraph sets out how progress on implementing action specified in the Supervision Notice will be monitored, reviewed and reported. Monitoring process is at Annex A. The Council and TMO representative named in the Supervision Notice are responsible for taking action at each stage of this procedure.

The Council (behaving in a reasonable manner and taking advice from the Independent Person as appropriate) may end the Supervision by service of a Supervision Termination Notice or extend it; or exercise

any other rights under the Agreement, including ending the agreement Chapter 1 clause 20.

If it is decided to end the agreement in accordance with clauses 19.8 to 19.12, the Council must give the TMO at least 3 months' notice in writing that a Supervision Termination Notice is not to be served at the end of the initial period of the Notice, or the first additional period. It must set out how decisions are to be communicated and reported.

Monitoring arrangements shall include regular (monthly) review meetings to monitor progress. The Supervision Notice must set targets for what is required to be achieved in order to terminate the Supervision Notice. Progress against these targets should determine whether the Supervision Notice is to be extended or terminated.

Arrangements should be agreed for giving formal notice of a decision on the Notice.

SCHEDULE 3A

TMO IMPROVEMENT PLAN MONITORING PROCESS

1. Introduction

The purpose of this paper is to set out the approach to the monitoring of the Improvement Plan developed as a result of the work of the Partnership Director, employed by the Council under the terms of the Variation to the TMO Management Agreement approved by Key Decision 02918/08/H/A on 10 July 2008.

The Improvement Plan details a number of “improvement measures” that are to drawn be out as targets and given milestones. These will be agreed at the start of the process to ensure compliance and measures set in place if these are not met.

2. Progress meeting and reporting

The TMO Executive Team will produce a monthly progress report against the Improvement Plan in the TMO Board meeting reporting format.

The report will be submitted to the TMO Board by the Chief Executive of the TMO. The Board will “sign off” the progress report.

A monthly progress meeting, called the TMO Improvement Plan Programme Group, will be held between the TMO Chair and the Cabinet Member for Housing and Property. Also attending will be the Director of Housing and the Chief Executive of the TMO. The progress report will form the agenda for the meetings and the meeting will be minuted as a formal record of progress.

The agreed Improvement Plan progress report will be sent to the Council at least 4 working days before the Programme Group meeting. The Housing Clientside team will review the report and distribute to members of the Programme Group.

Progress will also be reported to quarterly meetings of the Scrutiny Committee for Housing and Property Services. Reporting is bi-annual and the submission of reports will be co-ordinated by the Housing Clientside.

3. Implementing the Improvement Plan

The Improvement Plan will set out the targets and milestones for achievement. They will be specific and the Council will be clear about what it accepts as full implementation.

If the TMO are unable to meet these targets and milestones then action will be taken in accordance with the Modular Management Agreement.

Annex A

TMO's Constitution



SCHEDULE 1

Functions of the TMO in Respect of Repairs Planned Maintenance and Major Works and Performance Standards

- The TMO is responsible for all repair planned maintenance and Major Works functions for dwellings let on periodic secure tenancies or fixed term secure tenancies and flats or houses sold on long leases and freehold houses (except where the responsibility for repair and maintenance is that of a leaseholder or freeholder under his/her lease or deed of freehold transfer) are delegated to the TMO.
- All repair responsibilities for dwellings let on furnished tenancies

SERVICE STANDARDS

The arrangements for managing repairs in respect of:

- **Reporting repairs**
- **The priorities, timescales, and standards for completing each category of repair**
- **Planned maintenance**
- **Re-servicing of void properties**
- **Upkeep of communal areas**
- **Code of Conduct for repair staff and contractors**
- **Compliance with health and safety requirements**
- **Compensation (policy appended at Schedule 5)**
- **Arrangements for monitoring the quality of the repair service**

And for Major Works are as per the current Tenants Handbook and Leaseholders Handbook published on the TMO website.

Principals for the management of Major Works schemes are contained in Schedule 2 below.

SCHEDULE 2

Management of the Major Works Programme

To be reviewed

SCHEDULE 3

Principles for the Management of Major Works Schemes

To be reviewed

SCHEDULE 4

Asset Management Principles and Processes for Asset Management Projects and Hidden Homes



Hidden Homes
Process Procedure - F



Asset Management
Projects Process with



AssetManagementPri
nciples 171213 Final.c

SCHEDULE 5

Compensation Policy



Compensation
Policy.docx

SCHEDULE 6

TMO's Services

1) THE TMO SHALL BE RESPONSIBLE FOR PROVIDING THE FOLLOWING SERVICES FOR FLATS LET TO TENANTS:

- Cleaning of common parts of the Property including: Staircases and landings (including walls and ceilings) windows (where safely accessible), doors, floors, lifts and light fittings
- Electricity supply for lighting the common parts and the replacement of light bulbs
- Electricity or Gas Supply for the heating of common parts
- Maintenance of radiators, pipework and fittings which are part of a communal heating system
- General cleaning and upkeep of the common grounds and communal gardens of the Property including:
 - clearing litter from the Estate
 - cutting communal grassed areas and maintaining flower beds, trees and shrubs
 - clearing play areas and play equipment
 - sweeping, snow clearing and gritting of roads, paths, footpaths, courtyards and car parking areas
- Lighting of the grounds, estate roads, footpaths, and car parking areas (including the replacement of the light bulbs)
- Cleaning and removal of graffiti
- The removal of domestic refuse and other waste

- The storage and removal of bulk refuse
- The treating and eradication of insect and rodent infestation
- Caretaking service including out-of-hour emergency service

2) THE TMO SHALL BE RESPONSIBLE FOR PROVIDING THE FOLLOWING SERVICES FOR FLATS SOLD ON LONG LEASES:

- Cleaning of common parts of the Property including:
 - staircases and landings (including walls and ceilings)
 - windows (where safely accessible), doors, floors, lifts, lights and light fittings
- Electricity supply for lighting the common parts and the replacement of lights bulbs
- Electricity or gas supply for the heating of common parts
- Cleaning and general upkeep of the common grounds and communal gardens of the property including:
 - clearing litter from the Estate
 - cutting communal grassed areas and maintaining flower beds, trees and shrubs
 - clearing play areas and play equipment
 - sweeping, snow clearing and gritting of Estate roads, paths footpaths, courtyards and car parking areas
- Lighting of the grounds, estate roads, footpaths, and car parking areas (including the replacement of light bulbs)
- Cleaning and removal of graffiti
- The removal of domestic refuse and other waste

- The storage and removal of bulk refuse
- The treating and eradication of insect and rodent infestation
- Caretaking service including out-of-hours emergency service

3) THE TMO SHALL BE RESPONSIBLE FOR PROVIDING THE FOLLOWING SERVICES FOR STREET HOUSES, HOUSES SOLD ON LONG LEASES AND FREEHOLD HOUSES (if on an Estate):

- Cleaning and general upkeep of the common grounds and communal gardens of the property including:
 - clearing litter from the Estate
 - cutting communal grassed areas and maintaining flower beds, trees and shrubs
 - sweeping play areas, Estate roads, paths, footpaths, courtyards and car parking areas (including gritting and snow clearing)
- Lighting of the grounds, courtyards, common paths, Estate roads, footpaths and car parking areas (including the replacement of light bulbs)
- Cleaning and removal of graffiti on common parts of the property
- The treating and eradication of insect and rodent infestation
- Caretaking service including out-of-hours emergency service

4) PERFORMANCE MONITORING

The TMO will develop performance monitoring where appropriate for each of the above services in consultation with the TCC and the Estates Services Evaluation Group.

SCHEDULE 7

Improvements Policy



ch 2 sch 7 alterations
policy.docx

The current policy on Improvements is contained in the TMO Housing Procedure Manual.

SCHEDULE 8

Right to Repair

The current policy on Tenants' Right to Repair is contained in the TMO repairs handbook. The wording states:

Under the Secure Tenants of Local Housing Authorities (Right to Repair) Regulations 1994, you have a right to have certain repairs done within set time limits. They are called qualifying repairs. If we do not complete a qualifying repair within the correct time you have the right to ask us to get another approved contractor to do the work. If this contractor fails to do the work, you may seek compensation. Enquire at our Customer Service Centre or go to legislation.gov.uk for further details.

What if the work is not done on time?

We will always put your repair into a response time category. If the repair is not done within that response time let us know and we will follow it up immediately. The Tenants' Right to Repair entitles you to have certain 'qualifying' repairs done within set time scales. If your repair is a qualifying repair, this will be shown in your repair acknowledgement letter.

SCHEDULE 1

Rent Collection

Rent collection monitoring is set out in the Financial Protocols in Chapter 5, Schedule 1.

Service standards can found on the TMO website at
http://www.kctmo.org.uk/subpage.php?main_id=8&sub_id=76

Rent Arrears Prevention and Control Protocols

Secure tenancies



Ch 3 Sch 1 Rent
Arrears procedure - S

Former tenants



Ch 3 Sch 1 Former
Tenants Arrears Proc

SCHEDULE 2

**Tenants Service Charge and Procedure for Varying Tenant
Service Charge Element of the Total Rent**

Under Development

SCHEDULE 3

Rents and Service Charges from Commercial Properties



KCTMO - Corporate
Property - SLA - Appr

THE SCHEDULE

LEASEHOLD SERVICE CHARGE PROCEDURE



Ch 3 The Schedule
HOME OWNERSHIP II

SCHEDULE 1

HRA Financial Protocols

INTRODUCTION

- 1.1. The Housing Finance Act 1972 requires local authorities to maintain a separate account showing the income and expenditure incurred in the provision and maintenance of the Council's housing stock. The Local Government and Housing Act 1989 introduced regulations to ring fence the HRA thereby preventing any cross-subsidisation to/from the General Fund.
- 1.2. The Council's HRA contains some 7,000 dwellings (excluding leaseholders) and numerous other property assets such as commercial properties, garages etc. In 1995 the Council undertook a review of the strategic and operational management functions of the HRA and as a result of this review created a Council wide Tenant Management Organisation (TMO) to provide HRA operational management functions on behalf of the Council. The overall HRA responsibility and strategic function remained with the Council.
- 1.3. The roles and the responsibilities of the Council and the TMO are determined in the management agreement. This document aims to provide an additional framework to support the development of a HRA financial monitoring framework.

DEFINITIONS

2. In these financial protocols, except where the context otherwise requires -
- a) "LC" means London Councils;
 - b) "Council" and "RBKC" means the Royal Borough of Kensington and Chelsea.
 - c) "HRA" means the Housing Revenue Account;
 - d) "CLG" means Communities and Local Government;
 - e) "OneWorld" means the Councils Financial Management System;
 - f) "TCC" means Tenants Consultative Committee;
 - g) "TMO" means the Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited.

FINANCIAL PROTOCOLS

3. RBKC & TMO Responsibilities
 - 3.1. The relationship between the Council and the Tenant Management Organisation (TMO) is governed by a Management Agreement originally signed on 12 June 2006. The Management Agreement sets out the terms of the relationship between the Council and the TMO, the services to be provided, monitoring arrangements and performance standards and the TMO's financial management responsibilities.
 - 3.2. Whilst the Management Agreement sets the overall framework, this document provides more detail on the day to day operation and procedures in a number of areas. This document should also be considered in conjunction with the Council's and TMO's approved standing orders, financial regulations and contract regulations.
 - 3.3. The Council and TMO will continue to provide timely and accurate financial information in an appropriate format. The Council, when distributing financial information provided by the TMO, will ensure that all financial information is approved by the TMO Director of Financial Services and where appropriate the TMO Board.
 - 3.4. The Council and the TMO will continue to provide a professional working relationship with the Council's internal and external auditors and the TMO's external auditors.
 - 3.5. The financial protocols will be reviewed on an annual basis by the Housing Finance Manager and the TMO Director of Financial Services.
 - 3.6. Revisions or amendments can be agreed on an annual basis or, where applicable, during the year. Revisions or amendments will be signed off by the Director of Housing and the TMO Chief Executive.
 - 3.7. These financial protocols will establish a base for financial performance monitoring for the Council and the TMO. This is covered in detail in Section 12.
 - 3.8. The financial protocols identify key officers and Committees that are applicable in February 2013. The protocols will be updated for any subsequent changes.

4. REVENUE ESTIMATES AND RENT SETTING

Council Responsibilities

- 4.1. The Council will ensure a budget for the HRA is prepared each financial year, reflecting the agreed financial strategy for the HRA. .
- 4.2. This budget will form part of the annual Rent Report. The Rent Report will be reviewed by the Housing Management Team and TMO Executive Team before being presented to the TMO Board, TCC and Housing and Property Scrutiny Committee. The Cabinet Member for Housing and Property Services will then be asked to take a Key Decision to set the level of rent increase in the following year.
- 4.3. The Council will produce a consolidated timetable incorporating the Council's corporate timetable, Housing timetable and the TMO timetable. The HRA Group Accountant will distribute the timetable to the TMO and Corporate Finance for consultation. The HRA Group Accountant will monitor and report on delivery against the consolidated timetable throughout the rent setting process and will produce highlight reports to the Council / TMO monthly meetings highlighting potential delays.
- 4.4. The Council is responsible for providing full and comprehensive revenue estimates for all Council managed budgets. This includes:
 - ✓ A revised budget for Council managed budgets;
 - ✓ A forward estimate for Council managed budgets.
- 4.5. The Council is responsible for preparing, collating and managing all supporting documentation on Council managed budgets.
- 4.6. The Council will produce a consolidated HRA statement incorporating Council managed budgets, TMO managed budgets and management fees. The Council will continue to be responsible for providing all consolidated HRA information to the Council, CLG and other recognised bodies.
- 4.7. The Council is responsible for uploading Council managed budgets to OneWorld and reconciling the total HRA budget.
- 4.8. The Council and TMO will undertake an annual review identifying potentially high risk HRA budgets (see Section 11).
- 4.9. The Council will ensure the Business Model (looking at the HRA over the medium term) is updated at least annually. The assumptions in the model will be shared and discussed with the TMO.

TMO Responsibilities

- 4.10. The TMO is responsible for the management of HRA services for which a management fee is paid. The TMO is also responsible for managing agreed HRA budgets (e.g. repairs & maintenance, special services and rental income etc).
- 4.11. The TMO will produce a TMO estimates timetable that complements the Council's corporate timetable. This timetable should be provided to the Council for consultation and for inclusion in the consolidated estimates timetable.
- 4.12. The TMO is responsible for ensuring that all TMO delivery targets on the consolidated timetable are met. Any delays on meeting timetable deliverables will be reported to the HRA Group Accountant.
- 4.13. The TMO will produce a revised budget (projected outturn position) and forward estimate for all management fees. This should include a full reconciliation between:
 - i.) Original budget to revised budget, and
 - ii.) Original budget to forward estimate.
- 4.14. The TMO will produce a revised budget and forward estimate for all managed budgets. This should include a full reconciliation between:
 - i.) Original budget to revised budget, and
 - ii.) Original budget to forward estimate.
- 4.15. The TMO will produce a detailed variance analysis on all managed budgets and management fees. The variance analysis will cover:
 - i.) Original budget to revised budget, and
 - ii.) Original budget to forward estimate.
- 4.16. The variance analysis will provide reconciliations of all budget virements and/or budget adjustments and explanations of all movements greater than 10% and at least £5,000.
- 4.17. The TMO will provide all financial information in accordance with the formats defined by the Council. This will include providing information for:
 - ☐ BVACOP analysis;
 - ☐ Cost centre analysis;
 - ☐ Subjective analysis;
 - ☐ As dictated by appendices included in the rent report.
- 4.18. The TMO will provide information to the Council and outside bodies relating to TMO managed budgets. This includes:

- ☐ Average rents;
 - ☐ Rent and leasehold arrears;
 - ☐ Collection rates.
- 4.19. The TMO is responsible for providing data to the Council to enable TMO managed budgets to be uploaded onto the Council's financial management system.

5. REVENUE BUDGET MONITORING

Council Responsibilities

- 5.1. The Council will produce a quarterly HRA budget monitoring report. This forms part of the Housing Services quarterly budget monitoring report which is considered by the Council's Management Board and then Cabinet. Ad hoc HRA reports will be produced as required.
- 5.2. The Council will produce an annual timetable for the quarterly budget monitoring process. The HRA Group Accountant and the TMO will agree dates for the completion of reports to ensure the Council's timescales are met. The HRA Group Accountant will co-ordinate the monitoring process and will produce a consolidated HRA report in accordance with the timescales laid out in the consolidated timetable.
- 5.3. The report will cover all HRA activity and will include both the Council managed budgets and TMO managed budgets. The report will include all managed budgets reconciled to the rent setting report, spend to date reconciled to the Financial Management System, a projected outturn and a variance analysis with explanations on significant variances.
- 5.4. The table below identifies the Council managed budgets that offer the greatest financial risk to the HRA. The Council will rigorously monitor these budgets and will report on any material risk to the HRA working balance.

Council Managed Budget	Council Monitoring Requirement
Capital Charges	Quarterly reconciliation.
Depreciation / Impairment Charge	Quarterly reconciliation.

- 5.5. The Council will monitor the TMO high risk financial budgets and will highlight any concerns with the TMO for further investigation.

TMO Responsibilities

- 5.6. The TMO will provide a monitoring timetable for consultation with the HRA Group Accountant. The TMO timetable will be incorporated into the Council's consolidated monitoring timetable.
- 5.7. The TMO will provide monitoring information on all TMO managed revenue budgets. The table below lists the information that the TMO will provide the Council each month:
- ✓ A reconciliation of budget virements and/or budget adjustments;
 - ✓ Spend to date;
 - ✓ Projected outturn based on the most recent information available;
 - ✓ Variance analysis between forecast and original/revised budget;
 - ✓ Explanations of all variances subject to reasonableness/materiality levels;
 - ✓ Impact on revenue account of performance on the capital budget.
- 5.8. Budget virements and/or budget adjustments on TMO managed budgets will be referred to the Council for approval where this is required as part of the Council's and TMO's financial regulations.
- 5.9. Certain TMO managed budgets offer higher risk to the HRA. These budgets will be reviewed robustly by the TMO each quarter.

TMO Managed Budget	Council Monitoring Requirement
Rent Debit	Monthly reconciliation of rent debit to Academy; Monthly reconciliation of housing benefit to Academy; Monthly reconciliation of rent write offs; Monthly reconciliation of cash allocation; Weekly calculation of the average rent.
Tenant Service Charge Income	Monthly reconciliation of debits raised on Academy; Monthly reconciliation of write offs; Monthly reconciliation of cash allocation;
Leasehold Service Charge Income	Monthly reconciliation of debits raised on Academy; Monthly reconciliation of write offs; Monthly reconciliation of cash allocation;
Leasehold Major Works Income	Monthly reconciliation of debits raised on Academy; Monthly reconciliation of write offs; Monthly reconciliation of cash allocation;

Bad Debt Provision	Monthly assessment of bad debt provision on rent debit, tenant service charges, leaseholder service charges and leaseholder major works income. Quarterly posting of bad debt provision;
Heating & Hot Water Account;	Monthly reconciliation of heating & hot water account.
Cost of Repairs and Level of Voids	Monthly Forecasting and monitoring.

- 5.10. The TMO will ensure that the rental income and other charges are posted to OneWorld on either a weekly or monthly basis. The TMO will also ensure that cash is reconciled and posted monthly to the various accounts covering rents, tenant service charges, leasehold service charges and leasehold major works.

6. REVENUE CLOSING AND AUDIT OF THE ACCOUNTS

Council Responsibilities

- 6.1. The Council will produce a final consolidated HRA statement of account within the statutory timetable as laid out by Corporate Finance. Notes to the accounts will be completed and provided to Corporate Finance. The Council is also responsible for ensuring that all information included in the statement of account is supported by accurate supporting documentation.
- 6.2. The Council will, in consultation with Corporate Finance and the TMO, produce a HRA closing timetable. The Council will monitor delivery targets against the closing timetable and report slippage to both the Housing and TMO Management Teams.
- 6.3. The Council will provide the TMO with both Corporate and Housing closedown financial guidance.
- 6.4. The Council will close all Council managed accounts and provide supporting documentation.
- 6.5. The HRA Group Accountant will act as lead contact for Audit and produce the HRA audit file and will co-ordinate all responses to audit queries.
- 6.6. The Council will consolidate all HRA information on Council managed accounts, TMO managed accounts and management fees.
- 6.7. The Council will complete the returns as requested by CLG.
- 6.8. The Council will take overall responsibility for reserve accounts relating to Housing Services. The HRA Group Accountant will, in consultation with the

TMO, notify the TMO where data is required from the TMO regarding reserve accounts.

- 6.9. The HRA Group Accountant will co-ordinate the HRA outturn report. The HRA Group Accountant will, where appropriate, prepare any Key Decision Report relating to the outturn position.
- 6.10. As part of the closing process, the Council is responsible for reconciling and clearing all suspense, cash and control accounts designated as the Council's responsibility. A list of these accounts is detailed in the table below.

Account	Account Type	Account Description
B0029	Reserve	HRA Working Balance
B0042	Reserve	HRA Capital & Major Works Reserve

TMO Responsibilities

- 6.11. The TMO will prepare a closing timetable for the TMO managed budgets and provide this to the HRA Group Accountant. The HRA Group Accountant will then ensure that all timetables (TMO, Housing and Corporate) are compatible.
- 6.12. The TMO is responsible for providing an outturn statement of all TMO managed budgets to the HRA Group Accountant in accordance to the timetable issued by the HRA Group Accountant. The outturn statement will include:
- ✓ A reconciliation of budget virements and/or budget adjustments;
 - ✓ Actual outturn (not rounded) reconciled to RBKC's main accounting system;
 - ✓ Variance analysis between actual outturn and revised budget;
 - ✓ Explanations of variances.
- 6.13. The TMO is responsible for providing supporting documentation for all areas of managed budgets when reconciliations to other statements or systems are completed. The table below, although not a comprehensive list, identifies the main reconciliations.

System / Statement	Supporting Documentation Required
Academy to OneWorld	Reconciliation of cash allocations; Reconciliation of rent debit; Calculation of average rent; Reconciliation of service charges accounts; Reconciliation of major works accounts; Reconciliation of write offs; Reconciliation of dwellings; Reconciliation of bad debt provisions;

	Statement of aged debt analysis;
TMO/ RBKC Intercompany Account (See section. 10)	Statement of TMO Intercompany Account; Reconciliation of TMO Intercompany Account to Company Accounts;
Management Fee	TMO Management Fee Statement; Lancaster West Management Fee Statement;

- 6.14. As part of the closing process the TMO is responsible for reconciling and clearing all suspense, cash and control accounts designated as the TMO's responsibility. A list of these accounts is detailed in the table below.

Account	Account Type	Account Description
B0012	Debtor	Rent Payers Account
B0016	Debtor	Service Charge Account
B0018	Debtor	Rechargeable Works Account
B0019	Debtor	Sundry Debtors Account
B0022	Reserve	Energy Efficiency
B0028	Reserve	Provision for Bad & Doubtful Debt Account
B0033	Reserve	Commercial Rent Deposit Account
B0043	Reserve	Controlled Repairs Reserve
B0090	Control	TMO/ RBKC Intercompany Account
B0091	Control	Water Rates
B0093	Debtor	Debtors Reserve
B0514	Debtor	Service Charge Loans (Major Works)
C0011	Cash	Quarterly Rent Payers Account
C0015	Cash	Cash Control Account
C0020	Cash	Cash Refunds (HRA)
C0095	Cash	Cash Re-Allocation Account

- 6.15. The TMO will provide the HRA Group Accountant with full dwellings reconciliations. A summary reconciliation will be included in the notes to the accounts and the details will be provided in accordance with the annual timetable for completion in the Local Authority Housing Statistics Return to CLG. The detailed reconciliation should include movement on:

- ☐ RTB sales;
- ☐ Deletions;
- ☐ Demolitions
- ☐ Buy backs;
- ☐ Additions;
- ☐ New Builds;
- ☐ Conversions.

The TMO should also provide the analysis of dwellings by:

- ☐ House (traditional or non traditional), flat, bungalow or hostels;
 - ☐ Build date;
 - ☐ Flat rise;
 - ☐ Bedrooms;
 - ☐ Size.

 - ☐ The analysis will also determine, in respect of terraced housing pre 1965, whether the usable internal space is greater or less than 50 square meters.
- 6.16. The TMO will provide information to support entries in the HRA notes to the accounts. This information will be provided to the HRA Group Accountant for approval and will include:
- ☐ Gross rent and other income charges including:
 - Income lost on empty properties;
 - Average weekly rent;
 - Average weekly increase in rent;
 - Average weekly tenant service charge;
 - Average weekly increase in tenant service charge;
 - % of tenants receiving Housing Benefits;
 - ☐ Analysis of debtor balances and movement in debtor balances;
 - ☐ Summary analysis on stock movement;
 - ☐ Summary analysis of stock profile;
- 6.17. The TMO will provide working papers to audit standards to support all information provided to the HRA Group Accountant.

7. CAPITAL ESTIMATES AND FINANCIAL PLAN

Council Responsibilities

- 7.1. The Council is responsible for producing a consolidated Housing capital financial plan for the period determined by the Executive Director of Finance. The capital financial plan will include both HRA and General Fund capital estimates.
- 7.2. The Council will provide the TMO with a corporate timetable and guidance for bidding for capital resources.
- 7.3. The HRA Group Accountant will collate all Housing capital bids and update the Corporate Finance Capital Programme database (CADARS) within the Corporate Deadline.
- 7.4. The HRA Group Accountant will complete the capital financing schedule identifying internal and external financing. The HRA Group Accountant will also consider and advise on the most appropriate financing arrangements.

TMO Responsibilities

- 7.5. The TMO is responsible for completing all documentation to support each capital programme bid. All documentation should be completed in accordance with Corporate and Executive guidance and should be returned to the HRA Group Accountant in accordance with the agreed timetable. The returns include:
 - ☐ Financial appraisal form;
 - ☐ Prioritisation form;
 - ☐ Project funding spreadsheet.
- 7.6. The TMO will provide the HRA Group Accountant with a detailed breakdown of the plans for using the main HRA Capital Programme.

8. CAPITAL MONITORING

Council Responsibilities

- 8.1. The Council will maintain overall responsibility for the funding of the Housing Capital Programme. This responsibility will include preparing a Capital monitoring timetable, in consultation with the TMO, and providing monthly reports to the Housing Management Team.
- 8.2. The Council will produce a quarterly Capital monitoring report to the Housing Management Team. A timetable for will be agreed annually between the RBKC and TMO. The monthly and quarterly reports will provide:
- ☐ Profiled budget over 12 months;
 - ☐ Spend to date by scheme;
 - ☐ Projected outturn by scheme;
 - ☐ Explanation of variances;
 - ☐ Detailed analysis and explanations of slippage;
 - ☐ Identification of reserve schemes.
- 8.3. The Council will maintain responsibility for allocating financial resources to Capital schemes in line with Capital Finance funding legislation.
- 8.4. The Council will produce the Capital funding statement for the quarterly Capital monitoring report. The Capital funding statements will identify risks to funding due to slippage and/or other reasons for unspent Capital resources. The Capital funding statement will include:
- ☐ Original estimate;
 - ☐ Projected outturn;
 - ☐ Explanation of variances.

TMO Responsibilities

- 8.5. The TMO is responsible for reporting on the main HRA Capital Programme and any other capital schemes that the TMO have successfully bid for. The reporting of the HRA Capital Programme should identify each scheme and provide:
- ☐ Profiled budget over 12 months;
 - ☐ Spend to date by scheme;
 - ☐ Projected outturn by scheme;
 - ☐ Explanation of variances;
 - ☐ Detailed analysis and explanations of slippage;
 - ☐ Comments on financial impact of slippage;
 - ☐ Identification of reserve schemes.

8.6. The TMO will report significant variances (more than 10%) to the Council at the regular Asset Management and Capital Programme meetings providing the following information:

- ☐ Reason for variances;
- ☐ Proposed action to address the variance;
- ☐ Impact on the capital budget;
- ☐ Impact, if any, on the HRA Revenue Budgets;
- ☐ Impact on capital financing and potential loss of funding.

A significant variation will be reported to the Director of Housing and the Cabinet Member for Housing

8.7. The TMO Company will pay the Capital Programme Team employee related costs. The TMO Company will invoice the HRA for these costs on a monthly basis and allocate the costs against the individual Capital Programme schemes.

9. CAPITAL CLOSING AND AUDIT OF THE ACCOUNTS

Council Responsibilities

- 9.1. The Council is responsible for closing and reporting on all Housing capital schemes. This includes preparing and consulting on the Capital closing timetable and requirements needed as part of the closing process.
- 9.2. The HRA Group Accountant will act as the Department's direct contact with the auditors during the audit of the accounts.
- 9.3. The HRA Group Accountant, in consultation with the TMO, will provide a Capital Finance statement for the year. The Capital Finance statement will provide:
 - ☐ Total capital spend in year;
 - ☐ Total unaccrued capital spend in year;
 - ☐ Funding statements for all capital spend in year;
 - ☐ Variance analysis between original budget and total capital spend in year;
 - ☐ Explanations for variances;
 - ☐ Comment on the impact on the available unused finances.
- 9.4. The HRA Group Accountant will agree the capital finance statement with corporate finance. The HRA Group Accountant will reconcile the capital finance statement to OneWorld and ensure appropriate transactions are processed.
- 9.5. The HRA Group Accountant will review the proposed revenue capitalisation identified by the TMO.

TMO Responsibilities

- 9.6. The TMO is responsible for ensuring that all capital schemes are closed in accordance with the Council's statutory obligations.
- 9.7. The TMO will provide a closing statement of all capital schemes. The TMO will provide an analysis of all schemes and provide supporting documentation and explanations for variances to the original budgets. The statement will also clearly differentiate between cash and capital accruals.
- 9.8. The TMO will accrue for all capital spend in accordance with Capital accounting regulations.
- 9.9. The TMO will provide the council with a reconciled statement of the Capital Programme Teams' costs allocated to capital schemes.
- 9.10. The TMO will provide the council with a full and comprehensive listing of all proposed revenue capitalisation to be processed during closing. The TMO is responsible for ensuring that all revenue capitalisations meet capital accounting regulations.

- 9.11. The TMO will provide the council with supporting documentation on all capital issues when requested by the councils' auditors.
-

10. TMO/RBKC INTERCOMPANY PAYMENT ACCOUNT

- 10.1 The TMO Intercompany payment account represents the reconciliation between the Council's accounts and the TMO company accounts. Items in the TMO payment account will be either:
- ☐ Expenditure incurred by the Council that is chargeable to the TMO;
 - ☐ Expenditure incurred by the TMO that is chargeable to the Council;
 - ☐ Income collected by the Council that belongs to the TMO;
 - ☐ Income collected by the TMO that belongs to the Council.
- 10.2 The Council will maintain overall responsibility for the TMO Intercompany payment account. However the Council will be responsible for authorising transactions generated by the TMO and the TMO will be responsible for approving transactions generated by the Council.
- 10.3 The reconciliation of the TMO Intercompany payment account will be completed at the end of the year. The Council will provide a letter setting out details of this account to the TMO's auditors.

Council Responsibilities

- 10.4 The HRA Group Accountant will identify all income and/or expenditure items incurred in the Council managed budgets that should be charged to the TMO company accounts. The HRA Group Accountant will provide the TMO with a reconciliation of these amounts and supporting documentation.
- 10.5 The HRA Group Accountant will review and comment on the income/expenditure incurred in the TMO company account that should be transferred to the Council.
- 10.6 The Council will put in place procedures that minimise the use of the TMO Intercompany payment account where new and improved procedures can be identified to streamline the process.

TMO Responsibilities

- 10.7 The TMO will identify all income and/or expenditure items incurred in the TMO company account that should be charged to the Council's accounts. The TMO will provide the HRA Group Accountant with a reconciliation of these amounts and supporting documentation.
- 10.8 The TMO will review and comment on the income/expenditure incurred in the Council's accounts that should be transferred to the TMO.
- 10.9 The TMO will put in place procedures that minimise the use of the TMO Intercompany payment account where new and improved procedures can be identified to streamline the process.

11. FINANCIAL RISK MANAGEMENT

- 11.1 The HRA contains a number of budgets where there is a risk that an overspend or shortfall could adversely impact on the HRA working balance. The Council and the TMO will undertake an annual review, as part of the estimates and rent setting process (see Section 4), of all HRA budgets and identify those that offer the highest risk to the HRA working balance.

The Council and the TMO should undertake an annual review of the key risks within the HRA. The table below details those current areas that were considered to present the highest risk to the HRA

ESTIMATE	OWNER	TYPE	LIKELIHOOD OF CHANGE	IMPACT ON HRA
Capital Financing Costs	Council	Expenditure	Medium	High
Depreciation/Impairment Charge	Council	Expenditure	Medium	High
Rental Income	TMO	Income	Low	Medium
Tenant Service Charges	TMO	Income	Low	Low
Leasehold Service Charges	TMO	Income	Low	Low
Leasehold Major Works	TMO	Income	High	High
Heating and Hot Water	TMO	Income	High	Medium
Bad Debt Provision	TMO	Expenditure	High	High
Central Support Services	Council / TMO	Expenditure	Low	Low
Repairs & Maintenance	TMO	Expenditure	Medium	Medium
Revenue Capitalisation	TMO	Income	Low	Low
Cash Reconciliation	TMO	-	Low	Low
Capital	TMO	-	Medium	Medium

- 11.2 The Council and the TMO, as part of the business plan process, will provide an annual review of all financial risks to both the Council and the TMO Company. This process will feed into the estimates process and should also consider the impact of changes in external funding that could impact on the financial viability of the HRA.

12. FINANCIAL PERFORMANCE INDICATORS

- 12.1 The TMO provide data relating to financial and non financial performance indicators on behalf of the Council as agreed in the Management Agreement. These performance indicators are provided as part of the Council's statutory obligation as they are responsible for the HRA.

The schedule of performance indicators will be agreed annually. The current financial performance indicators requiring information from the TMO are:

REF NO	INDICATOR
L4103	Rent collection and arrears recovery: rent collected
L4104	Rent collection and arrears recovery: seven weeks arrears
L4123	Proportion of approved Housing Capital Investment Programme spent.
L4146	Collection rates – Leaseholder service charges
L4147	Collection rates – Leaseholder major works
L4148	Arrears collection – Leaseholder service charges
L4149	Arrears collection – Leaseholder major works

- 12.2 The table below suggests local financial performance indicators that could be introduced to improve HRA financial monitoring.

Local Financial Performance Indicators

REF NO	INDICATOR
1	Arrears of former tenants as a percentage of rents collectable and arrears trend analysis.
2	Monthly completion of reconciliations (cash, rental and leasehold debits etc)
3	The number of financial protocols not achieved. This will include: <ul style="list-style-type: none"> • Meeting timetables; • Accuracy of information; • Quality of documentation; • Comprehensiveness; • Involvement in consultation;
4	Delivery of the HRA Capital Programme. This will include: <ul style="list-style-type: none"> • Meeting timetables; • Slippage; • Decent Homes analysis; • Impact of Leasehold Valuations Tribunals and other disputes; • Collection of leasehold major works income;

5	<p>RTB Applications</p> <ul style="list-style-type: none">• Number of applications;• Number of applications completed;• Applications completed within statutory deadline;
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12.3 The Council and the TMO should review all local financial performance indicators annually. The review should consider the appropriateness of all indicators, introduce indicators that improve financial monitoring and set agreed standards for delivery against these indicators.

13. **ROLE OF HOUSING FINANCE / TMO MANAGEMENT TEAM**

13.1 The Housing Finance / TMO management team meeting will consist of:

- | | |
|--------------------------------------------|---------|
| • Finance Manager | Council |
| • HRA Group Accountant | Council |
| • Director of Financial Services | TMO |
| • Principal Accountant -Works and Services | TMO |
| • Assistant Director of Finance | TMO |
| • Assistant Director of Home Ownership | TMO |

13.2 The Housing Finance / TMO management team will meet monthly. The financial management of the HRA will be included as a standard agenda item and will consider the financial position of the HRA and discuss relevant issues surrounding the financial viability of the HRA. This will include, where appropriate:

- Budgets and rents setting
- Revenue budget monitoring
- Capital estimates and capital monitoring
- Closing of accounts
- Financial risk management.

13.3 The table below introduces the framework for dealing with potential ‘hotspots’. The Housing Finance / TMO management team will be responsible for implementing and managing this framework.

METHOD	FREQUENCY	REPRESENTATIVES	ACTION	MANAGING RISKS
Management meeting	Monthly	<p>Council</p> <p>Finance Manager HRA Group Accountant</p> <p>TMO</p> <p>Director of Financial Services Principal Accountant Assistant Director of Finance Assistant Director of Home Ownership</p>	<ul style="list-style-type: none"> • Standard agenda items on key areas; • Manage targets and deliver to timetables; • 'Early warning' on areas of concern; • Develop and implement recovery plans; • Manage and monitor recovery plans; • Assess impact of 'hotspots' on finances and service delivery; • Risk assessments. 	<ul style="list-style-type: none"> • Report to Housing/TMO Management Teams; • Report to TMO Board; • Undertake risk management review.
Revenue and Capital Estimates	Every 2 weeks during process	<p>Council</p> <p>Finance Manager HRA Group Accountant</p>	<ul style="list-style-type: none"> • Regular meetings; • Monthly reporting; • Quarterly report to Cabinet & monthly to TMO Board; • Implement financial processes and procedures; • Identify areas of concern; • Identify missed targets and missed key deadlines; • Manage medium term financial resources; • Highlight Capital impact on Revenue; 	<ul style="list-style-type: none"> • Report to Housing/TMO Management Teams; • Advise Management Team of 'Early Warning' areas.
Revenue and Capital monitoring	Monthly	<p>TMO</p> <p>Principal Accountant Capital Programme Manager</p>		
Revenue and Capital closing	Every 2 weeks during process	<p>Assistant Director of Finance</p>		

METHOD	FREQUENCY	REPRESENTATIVES	ACTION	MANAGING RISKS
Risk Management	6 monthly	<div>Council</div> <div>Finance Manager</div> <div>TMO</div> <div>Director of Finance</div>	<div>• Identify risk;</div> <div>• Analyse risk;</div> <div>• Control risk;</div> <div>• Monitor risk.</div>	<div>• Report to Housing/TMO</div> <div>Management meetings;</div> <div>• Review, produce and</div> <div>report on top 10 risks to</div> <div>HRA.</div>

14. MISCELLANEOUS FINANCIAL INFORMATION

STATISTICAL RETURNS

- 14.1 The council will continue to manage the completion of any data returns to CLG. However, the TMO is responsible for providing both dwellings and financial information in line with the CLG instructions for certain areas of the return.
- 14.2 The HRA Group Accountant will request information from the TMO on a regular basis providing the TMO with reasonable notice and guidance instructions for all information required.
- 14.3 The TMO will reply, where appropriate, to all statistical returns and consultation documents providing accurate information. This will include:
- Consultation documents on Housing issues;
 - Statistical returns to CIPFA, CLG, LC, etc;
 - Questionnaires from CIPFA, CLG, LC, etc;
 - HRA business planning statistics;
 - Housing Investment Programme statistics.
- 14.4 The TMO will provide details of dwellings for the National Register of Social Housing in accordance with guidance to be provided by the Council.

AUDIT PLAN

- 14.5 The Council and the TMO will maintain an internal audit plan and will conduct an annual audit of key systems.

LEASEHOLD ACCOUNTS

- 14.6 The TMO, in consultation with the Council, will provide an annual timetable for producing leasehold service charge accounts.
- 14.7 The TMO will produce audited schedules to support all leasehold service charge accounts in line with the agreed timetable.
- 14.8 The Council will provide sign off of all leasehold service charge accounts in line with the agreed timetable.

LEASEHOLD MAJOR WORKS ACCOUNTS

- 14.9 The TMO will produce all leasehold Major Works Accounts in line with the agreed timetable.
- 14.10 The management charges to leaseholders will be in accordance with the charging policy which has been agreed by the Cabinet Member.
- 14.11 The TMO will produce audited schedules to support all leasehold Major Works Accounts in line with the agreed timetable
- 14.12 The Council will provide sign off of all leasehold Major Works Accounts in line with the agreed timetable.

DIGITAL TELEVISION

- 14.13 The TMO will invoice the Council quarterly for the recharges relating to the 10 year lease for Digital Television.

The Budget Headings

BWTMO & Lancaster West Management Fee
E-Government

Total Management Fee

TCC Managed Budgets

Planned Maintenance
Responsive Maintenance
Contract Cleaning
Electricity, heating, hot water
Provision for bad debts - service charges
Area Revenue Works
Planned Response Repairs
Refuse Collection
Pest Control

Other
Tenants Incentive Scheme, Disturbance, Mobility Schemes
Security Alarm
Car Park Management
Capitalisation of expenditure
Leaseholders Service Charges
Tenants Service Charges
Miscellaneous Income
Provision for bad debts – rents
Insurance Recharge
Garages Income
Heating and hot water charges
Commercial properties income
Major Works Service Charges
Rechargeable Works Income
Rent and hostel Income

Total TCC Managed Budgets

Council Managed Budgets

Capital Charges

Insurance Costs

Central Support Service Charges

Recharges from Housing and Social Services

Rent rebates

Consultancy budget and miscellaneous expenses

Rent and rates

Interest income

Total Council Managed Budgets

Contribution to (-) or from (+) HRA working balance

HRA Balance b/fwd

Contribution to (-) or from (+) HRA working balance

TOTAL HRA

SCHEDULE 2

Financial Procedures

1. The TMO shall make arrangements for the proper administration of its financial affairs and shall secure that one of its officers has responsibility for the administration of those affairs.
2. The TMO shall make proper arrangements for securing economy, efficiency and effectiveness in the use of resources.
3. The TMO shall agree contract regulations for the letting of contracts for the supply of goods and materials or for the execution of works. The contract regulations shall as far as they relate to the Council be approved by the Town Clerk and Executive Director of Finance
4. The contract regulations made by the TMO with respect to contracts for the supply of goods and materials or for the execution of works shall include provision for securing competition for such contracts and for regulating the manner in which tenders are invited.
5. The contract regulations may exempt from competition any contracts below a price or when special exemption is justified. The TMO shall agree with the Council price thresholds for competition and circumstances when special exemptions are to be allowed.
6. The TMO shall agree financial regulations. The financial regulations shall as far as they relate to the Council be approved by the Council's Town Clerk and Executive Director of Finance. The Council's Town Clerk and Executive Director of Finance may request the TMO to amend its Financial Regulations in line with changes in the Council's overall regulations or where the Town Clerk and Executive Director of Finance recommends that changes in the TMO's regulations are required. The TMO shall consider any such request and make amendments where the request is reasonable.

7. The TMO shall institute an adequate system of internal controls, including segregation of duties and proper authorization levels and take reasonable steps to limit the possibility of fraud and corruption.
8. The TMO shall maintain adequate and effective internal audit arrangements. The appointed internal auditor shall have a right of access at all times to such documents as necessary for the purpose of the audit and shall be entitled to require from any officer such information and explanation as he thinks necessary for the purpose.
9. The Council and the TMO shall refer all disputes relating to the content and interpretation of the financial and contract regulations to the Arbitrator.
10. The TMO shall provide the Council's internal and external auditors and such other review bodies appointed by the Council the:
 - 1) authority to visit premises or land belonging to the Council;
 - 2) right of access at all times to all records, documents and correspondence relating to the financial or other transactions;
 - 3) the right to require from any TMO officer such information and explanation as they think necessary for the purpose of carrying out audit.

SCHEDULE 3

Accounts and Audit Standards

1. Accounting policies and standards

1.1 The TMO's company accounts shall be produced in a form that complies with:

- the Companies Acts
- standards set by the Financial Report Council such as under the statements of standard accounting practice (SSAPs) and financial reporting standards (IFRSs) EU directives
- any other relevant legislation.

2. Accounting analysis

2.1 The TMO will analyse its accounts in a form that will allow the TMO to:

- prepare its final accounts
- set up management accounting systems to facilitate budgeting and in-year budgetary control
- meet its obligations as delegated to the TMO by the Council in this Management Agreement, e.g.:
 - to provide information and recharges for leaseholders as required by the Landlord and Tenant Acts

3. to publish the Tenants Annual Report (as defined by s167 of the Local Government and Housing Act 1989) **Audit**

3.1 The TMO must appoint its external auditors through a competitive tendering process at least every **seven** years.

- 3.2 Details of the current auditor's name, address and the date their appointment was approved by the TMO shall be provided to the Council by the TMO each financial year with the TMO's draft final accounts.
- 3.3 Within one month of appointing its auditors, the TMO must provide details of the auditor's name, address and the date their appointment was approved by the TMO to the Council.
- 3.4 The TMO is responsible for communication with the auditor and ensuring that the accounts are presented for audit each year in time to meet statutory deadlines and the timescales required by this Management Agreement.
- 3.5 The TMO is responsible for ensuring all statutory requirements regarding the audit of its accounts are met.

4. Summary timetable

- 4.1 Budgets and budget monitoring
 - 1.1.1 Not less than 6 weeks before the beginning of each financial year the Council shall confirm to the TMO the overall budgets set for the coming financial year.
- 4.2 Final accounts
 - 5.2.1 The TMO shall present its audited accounts and balance sheet to the Council within 6 months of the end of each financial year.
 - 5.2.2 The TMO shall present its auditor's management letter to the Council within one month of receipt.
 - 5.2.3 If this agreement ends the TMO shall within three months of the end of this Management Agreement provide to the Council an

audited account and balance sheet as at the date on which the Management Agreement ended.

4.3 Leaseholder recharges

Omitted

SCHEDULE 1

Introductory Meetings for Housing Applicants

Not included

SCHEDULE 2

Selection of Tenants Policy and Procedure

Not included

SCHEDULE 3

Introductory Tenancies



Chapter 2 -
Introductory Tenancies



Introductory
Tenancies Feb 13 V3.

SCHEDULE 4

Tenancy Agreement Changes

The TMO will adhere to the guidance set out in legislation:

Housing Act 1985 -103 Notice of variation of periodic
tenancy.

(1) The terms of a secure tenancy which is a periodic tenancy may be varied by the landlord by a notice of variation served on the tenant.

(2)Before serving a notice of variation on the tenant the landlord shall serve on him a preliminary notice—

(a)informing the tenant of the landlord's intention to serve a notice of variation,

(b)specifying the proposed variation and its effect, and

(c)inviting the tenant to comment on the proposed variation within such time, specified in the notice, as the landlord considers reasonable;

and the landlord shall consider any comments made by the tenant within the specified time.

(3) Subsection (2) does not apply to a variation of the rent, or of payments in respect of services or facilities provided by the landlord or of payments in respect of rates.

(4) The notice of variation shall specify—

(a)the variation effected by it, and

(b)the date on which it takes effect;

and the period between the date on which it is served and the date on which it takes effect must be at least four weeks or the rental period, whichever is the longer.

(5) The notice of variation, when served, shall be accompanied by such information as the landlord considers necessary to inform the tenant of the nature and effect of the variation.

(6) If after the service of a notice of variation the tenant, before the date on which the variation is to take effect, gives a valid notice to quit, the notice of variation shall not take effect unless the tenant, with the written agreement of the landlord, withdraws his notice to quit before that date.

SCHEDULE 5

Breach of Tenancy Agreement

This procedure is currently under review.

SCHEDULE 6

Anti-Social Behaviour and Harassment Policy and Procedure



Ch 6 Sch 6 KCTMO
ASB PROCEDURES V4

SCHEDULE 7

Complaints Procedure



Ch 6 sch 7
complaints_policy_and

SCHEDULE 8

Mutual Exchanges Policy



Ch 6 Sch 8a Mutual
Exchange 2012 Proce

SCHEDULE 9

Voluntary Assignments

This procedure is currently under review

SCHEDULE 10

Subletting Policy

Not included

SCHEDULE 11

Giving Consents

Not included

SCHEDULE 12

Right to Buy Enquiries



Ch 6 Sch 12a Right
To Buy - stage 1- app



Ch 6 Sch 12b Right Ch 6 Sch 12 Right To
To Buy - stage 2- appBuy policy paper.doc>

ANNEX A

Tenancy Agreement



Ch 6 Annex A
Revised Tenancy Agr

ANNEX B

Succession

This procedure is under review

SCHEDULES 1 and 2

Staff Transferring from the Council to the TMO

Not included

SCHEDULE 3

Liaison between the Council and the TMO



PROCEDURE GUIDE -
Aug 13.docx

SCHEDULE 4

Management Complaints Policy and Procedure



Ch 6 sch 7
complaints_policy_and

SCHEDULE 5

Alternative Dispute Resolution Procedure

1. If there is a dispute or difference concerning the interpretation or operation of this MMA then either party may notify the other that it wishes the dispute to be referred to a meeting of the respective liaison officers to resolve, negotiating on the basis of good faith.
2. If after 28 Days (or such longer period as both parties may agree) of the date of the notice referred to in clause 8 the dispute has not been resolved then either party may notify the other that it wishes the dispute to be referred to a meeting of their Senior Representatives to resolve, negotiating on the basis of good faith.
3. If after 28 Days (or such longer period as both parties may agree) of the date of the notice referred to in clause 8 the dispute has not been resolved then either party may notify the other that it wishes to attempt to settle the dispute by mediation, in accordance with the Centre for Dispute Resolution ('CEDR') Model Mediation Procedure 8th Edition (October 2002) (the 'Model Procedure') or such later edition as may be in force from time to time.

If the parties cannot agree on the identity of the Mediator then either party may request CEDR to appoint one.

4. The Model Procedure shall be amended so that:
 - either party may make a written statement of its case to the Mediator prior to the commencement of the mediation. This is subject to the proviso that any such statement shall be provided to the Mediator not less than 10 Working Days before the mediation is to commence (or such other period as may be agreed by the Mediator);

- the Mediator shall be instructed to provide either party with a written report of the result of the mediation within 10 Working days of the conclusion of the mediation.
5. Both parties must:
- use their best endeavours to ensure that the mediation starts within 20 Working Days of the appointment of the Mediator; and
 - pay the Mediator's fee in equal shares.
6. Any agreement reached as a result of mediation shall be binding on both parties but if the dispute has not been settled by mediation with 10 Working Days of the mediation starting then either party may commence litigation proceedings (but not before then).
7. Neither party shall be precluded by clause 18 from taking such steps in relation to court proceedings as we or you (as case may be) may deem necessary or desirable to protect our respective positions. This shall normally be limited to issuing or otherwise pursuing proceedings to prevent limitation periods from expiring and applying for interim relief.

SCHEDULE 6

Arbitration Procedure

THE CHARTERED INSTITUTE OF ARBITRATORS ARBITRATION SCHEME
FOR LOCAL HOUSING AUTHORITIES AND TENANT MANAGEMENT
ORGANISATIONS RULES (2004 EDITION) Clause 18

1. Introduction

1.1 This scheme, which has been approved by the Office of the Deputy Prime Minister (ODPM), applies to disputes between a Local Housing Authority (Authority) and a Tenant Management Organisation (TMO) arising under either:

- a) regulation 4 of the Housing (Right to Manage) Regulations 1994; or
- b) an agreement entered into pursuant to regulations 1 to 10 or regulation 11 (agreements entered into voluntarily) of those Regulations.

1.2 Arbitrations under these rules may be conducted:

- a) Using written submissions and documentary evidence only without a hearing; or
- b) With both written submissions and an oral hearing.

2. Scope of the scheme

2.1 The scheme uses arbitration as a method of resolving disputes between an Authority and a TMO under regulation 4 of the Housing (Right to Manage) Regulations 1994 or an agreement entered into pursuant to regulations 1 to 10 or regulation 11 (agreements entered into voluntarily) of those Regulations.

- 2.2 Applications for arbitration under the scheme in respect of a dispute do not relieve any party from any obligation it may have to pay the other party or parties any other amounts which are due and are not in dispute.
- 2.3 The scheme is intended to allow the parties to present their case without the need for legal representation, although parties may be represented by a third party of their choosing at their own expense if any, and after notification to the other party or parties to the dispute.
- 2.4 The arbitrator will have the right to call for additional evidence on any relevant matter, from any party, in writing or orally, if he / she deems it necessary to do so in order to reach a resolution of the dispute in accordance with relevant law, the 1996 Arbitration Act and any contract or agreement in existence between the parties.
- 2.5 The Institute administers the scheme independently and the appointment of the arbitrator under the scheme is within the Institute's exclusive and unfettered control. Arbitrators chosen for appointment have been approved by the Secretary of State for the purpose of acting as an arbitrator in connection with the Housing (Right to Manage) Regulations 1994.

3. Making an application

- 3.1 Applications for arbitration must be made on the designated application form, available from The Chartered Institute of Arbitrators, The International Arbitration and Mediation Centre, 12 Bloomsbury Square, London, WC1A 2LP. Telephone [REDACTED] Fax [REDACTED] e-mail: drs@arbitrators.org.
- 3.2 The Institute will appoint an arbitrator from its panel of arbitrators specifically created for this scheme, and inform the parties at an appropriate time in the proceedings.

- 3.3 Whilst making the application either party can elect for it to proceed under a documents-only procedure designed to offer quick and cost-effective decisions where the matters are not too complex.
- 3.4 Alternatively, either party can request an oral hearing.
- 3.5 Both parties will submit with the application form a case fee the amount of which is specified on the application form.

4. The arbitration procedure

- 4.1 In making an application the party making the application (the claimant) will submit its application and full claim with supporting evidence with the application form.
- 4.2 Upon receipt of the application and full claim the Institute will forward a copy to the other party (the respondent) who will be given 21 days by the Institute to set out its defence.
- 4.3 The claimant will be sent a copy of the defence and will be allowed a 14 day period in which to submit comments on the defence.
- 4.4 No extensions of time are allowed under the documents-only arbitration process, except by consent of both parties and the arbitrator (if appointed at that stage).
- 4.5 If it was indicated on the application form that the matter would be dealt with under documents-only arbitration, the arbitrator will make his/her award within 14 days of receipt of all relevant case papers. The Institute will publish the award to the parties.
- 4.6 If it was indicated on the application form that an oral hearing is required, the Institute will forward the complete case file to the arbitrator and arrange an oral hearing with the parties.
- 4.7 The oral hearing will be held at the premises of the Authority or other

mutually agreed location, and is limited to and will not exceed 4 hours in duration. The arbitrator shall determine all matters of procedure and evidence in relation to the hearing.

- 4.8 If the arbitrator requires further information in order to reach an award, he/she may require the provision of any further documents, information or submissions that he/she considers would assist him/her in the decision and will use the most timely and appropriate form of written or verbal communication to seek and obtain such evidence. If the party or parties do not make that additional evidence available within the time prescribed by the arbitrator, he/she may proceed on the basis only of the evidence already before him/her.
- 4.9 The Institute will publish the arbitrator's award, with reasons, after the arbitrator has considered all submissions and evidence, including oral evidence, if any.

5. The award

- 5.1 Any award made under the scheme is legally binding on all parties, and can only be challenged within the statutory time limits on the following grounds
- a) a challenge to the substantive jurisdiction;
 - b) a claim of serious irregularity;
 - c) an appeal on a point of law.

Legal advice should be sought if further information about these grounds and the procedures for challenging an award are desired.

- 5.2 Any payment indicated in the award must be made directly between the parties within 21 days of its publication and not through the arbitrator or the Institute.

6. Arbitrator's powers

- 6.1 The arbitrator shall be and remain at all times during the arbitration independent of the parties, and have regard only to the relevant law, statutory guidance given by the Secretary of State and the agreement between the parties.
- 6.2 The arbitrator should also act expeditiously, and in a way that provides a fair award in resolution of the dispute.
- 6.3 The arbitrator may, in his/her absolute discretion, refuse to consider documents or other evidence not submitted within timescales set down by the scheme or given by him/her in direction to the parties.
- 6.4 The arbitrator shall have full jurisdiction to decide his/her jurisdiction in the event of a dispute about jurisdiction arising.
- 6.5 In addition to the arbitrator's powers mentioned in 6.1 to 6.4 above, the arbitrator shall also have the power to:
 - a) allow submission of further evidence and the amendment of the claim or defence;
 - b) order the parties to produce goods, documents or property for inspection;
 - c) conduct such enquiries as may appear to the arbitrator to be desirable;
 - d) receive and take into account any oral or written evidence as the arbitrator shall decide to be relevant;
 - e) at the expense of the Authority, appoint an expert to report on specific issues or take legal advice;
 - f) award interest whether or not claimed;

- g) proceed with the arbitration if either party fails to comply with these rules or with the arbitrator's directions, or if either party fails to attend any meeting or inspection ordered by the arbitrator but only after giving that party written notice;
- h) terminate the arbitration if the arbitrator considers the case to be incapable of resolution under the scheme or if the parties settle their dispute prior to an award. If the case is settled the parties must immediately inform the Institute in writing of the terms of the settlement and the arbitrator shall record them in an agreed award enforceable under the 1996 Arbitration Act; and
- i) determine any question of law arising in the arbitration.

6.6 In addition to the powers conferred by these rules, the arbitrator shall have the widest discretion permitted by law to resolve the dispute in a fair, just, speedy, economical and final manner in accordance with natural justice.

7. Arbitration costs

- 7.1 The parties will pay the arbitrator's fees to the Institute as determined by the arbitrator in the award.
- 7.2 The Institute's administration fee is the registration fee paid by the parties when an application for arbitration is submitted. Details of the level of registration fee are available on the scheme application form.
- 7.3 The arbitrator's fee is £500 plus VAT for a documents-only arbitration, and £1,000 plus VAT where there is an oral hearing. Where there is an oral hearing the arbitrator will have considered the papers submitted to-date in the arbitration prior to the hearing.
- 7.4 The arbitrator shall have a discretion to order one party to reimburse all or part of the other party's registration fee to that party.

- 7.5 No legal proceedings may be brought by one party against the other for recovery of costs incurred during the arbitration.

8. Confidentiality

- 8.1 No party involved in any arbitration under the scheme, nor the Institute or the arbitrator shall disclose explicit details of the proceedings, award, and reasons for the award to any third party to the case.
- 8.2 Notwithstanding 8.1, all parties, in agreeing to the resolution of disputes under the scheme, give permission to the Institute to gather, retain and publish statistical and other information on such disputes whilst preserving the anonymity of parties.

9. Reservation of service

- 9.1 The Institute reserves the right to decline an individual request to appoint an arbitrator.

10. Miscellaneous

- 10.1 With reference to section 57 of the 1996 Arbitration Act, the arbitrator may on his own initiative, or on the request of one of the parties:
- a) correct an award as to remove any clerical mistake or error arising from an accidental slip or omission or clarify or remove any ambiguity in the award; or
 - b) make an additional award to deal with any claim (including a claim for interest or costs), which was presented to the arbitrator but was not dealt with in the award.
- 10.2 Nothing herein shall prevent the parties agreeing to settle the differences or dispute arising out of the agreement without recourse to arbitration.
- 10.3 Nothing herein shall prevent the parties from appealing the award to

the High Court in terms of the 1996 Arbitration Act, should the need arise.

- 10.4 If necessary the Institute shall appoint a substitute arbitrator and shall notify the parties accordingly.
- 10.5 The scheme is subject to revision and amendment from time to time. The edition of the scheme in force at the time the dispute arises shall govern any arbitration under the scheme.
- 10.6 Neither the Institute nor the arbitrator can enter into any correspondence regarding an award issued under the scheme.
- 10.7 Neither the Institute nor the arbitrator shall be liable to any party for any act or omission in connection with the arbitration conducted under these rules.

Application Form

**ARBITRATION SCHEME FOR LOCAL HOUSING AUTHORITIES AND
TENANT MANAGEMENT ORGANISATIONS (2004 EDITION)**

Please read the scheme's rules carefully before you fill in and return this form.

1 TMO's contact details:

Full name of TMO:

Address:

Postcode:

Daytime Phone no:

Mobile:

Email:

Fax:

2 Authority's contact details:

Full name of Authority:

Address:

Postcode:

Daytime Phone no:

Mobile:

Email:

Fax:

3 Dispute details:

In the space below please give us brief particulars of the nature, circumstances and location of the dispute, stating the issues for arbitration and amount in dispute. **The party making the application (the claimant) must also submit to the Institute two copies of their full claim when the application is submitted.**

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4

In the event of the application being for a documents-only arbitration:

- A cheque for the sum of £125 plus VAT is attached from each party

In the event of the application being for an oral hearing:

- A cheque for the sum of £200 plus VAT is attached from each party

5

Please read the statements below before signing this form.

We have read and understood the Arbitration Scheme for Local Housing Authorities and Tenant Management Organisations.

We are applying for you to appoint an independent arbitrator ?, in accordance with the rules of the Arbitration Scheme for Local Housing Authorities and Tenant Management Organisations.

We understand that the independent arbitrator's award is legally binding.

We have attached the relevant registration fees in accordance with section 4 above.

TMO's signature:

Date: / /

Authority's signature:

Date: / /

Now return this form to:
Dispute Resolution Services
The Chartered Institute of Arbitrators
12 Bloomsbury Square
London WC1A 2LP

THE ANNEX

The Recruitment Policy and Disciplinary Procedure for TMO Staff



Ch 7 Annex
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SCHEDULES

The Schedule: Key Performance Indicators

Clause 1

The TMO's Key Performance Indicators, to enable it to measure its performance against the standards it is required to achieve under the Agreement, must be listed in Annex A to this Schedule. This must also describe the basis on which the Indicators have been set.

ANNEX A

TMO Performance Indicators

- The TMO Performance Indicator Scorecard forms part of a wider Housing PI suite which is agreed annually at a PI meeting held in Quarter 3 of the financial year.
- All PIs are developed using existing PI definitions (based on KLOES, BVPIs, Housemark) and are monitored and audited using Corporate Services performance framework.
- Any other review processes are agreed annually as part of the HRA Performance Plan
- All meetings and processes are set out in the Council's TMO Monitoring Procedure Guide (see schedule 3)

