

The Royal Borough of Kensington and Chelsea Tenant Management Organisation Ltd

A Meeting of the TMO Board will be held on **Thursday 28th of July 2011, 6.30pm – 8.30pm** in the **3rd Floor Boardroom** at **346 Kensington High Street, London W14 8NS**

Apologies (phone XXXXXXXXXX)

Refreshments available from 6pm

Part A – For consideration / decision			
Agenda Item	Report Name	Presenter	Enclosure
1	Welcome and apologies for absence	Chair	
2	Minutes of Board meeting held on the 26 th of May 2011 & matters arising	Chair	√
3	Chief Executive's Report	Chief Executive	√
4	RBKC Annual Report	Cllr Coleridge	√
5	Final draft account for year end 2010/11	Director of Financial Services	√
6	People and Organisational Development annual report	Director of People and Organisational Development	√
7	Board Development Programme	Governance Manager/Company Secretary	√
8	Performance Update: i) Performance Dashboard report – Q1 2011	Head of Strategy and Engagement	√
	ii) Business Plan Monitoring Report April-June 2011	Head of Strategy and Engagement	√
9	Annual Health and Safety Report	Director of People and Organisational Development	√
10	Consultation: Implementing Social Housing Reform – Directions to the Social Housing Regulator	Head of Strategy and Engagement	√
11	AGM planning - Verbal update	Chair and Governance Manager/Company Secretary	
12	Feedback from Committees	Chairs of Committees and Governance Manager/Company Secretary	√
13	AOB		

Date of next meeting: **15th of September 2011**

Agenda Item 2

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION

TMO Board

Meeting held on 26th May 2011

- Present:** Mr **Reg** Kerr-Bell, Borough wide Board Member (Chair)
Mrs Sylvia Collet, Borough wide Board Member
Ms Fay **E**dwards, Borough wide Board Member
Mr Iain Smith, Borough wide Board Member
Mr **Roy** Turner, Borough wide Board Member
Mr Tony Ward, Borough wide Board Member
Councillor Maighread Condon-Simmonds, Council appointed Board Member (for part of meeting)
Councillor **Emma** Dent Coad, Council appointed Board Member
Mr Peter Molyneux, Council appointed Board Member
Mr Jeff Zitron, Council appointed Board Member
Mr Peter Chapman, **A**ppointed Board Member
Mr Jon Dee, **A**ppointed Board Member
Mr **Anthony** Preiskel, **A**ppointed Board Member
- In Attendance:** Mr **Robert** Black, Chief **E**xecutive
Ms **Yvonne** Birch, **H**ead of Strategy and **E**ngagement
Mrs **Angela** Bosnjak-Szekeres, **G**overnance Manager and Company Secretary
Ms Sacha Jevans, Director of Customer Services
Mr **Anthony** Parkes, Director of Financial Services
Ms **Lornette** Pemberton, Director of People and **O**rganisational Development
Ms Jane Clifton, **E**xecutive **O**ffice Manager
- Apologies:** Mrs Celine **G**reen, Borough wide Board Member
Ms Kathy **H**arris, Borough wide Board Member

1. Introduction

The Chair welcomed Peter Molyneux, Council appointed Board Member, to his first Board meeting.

There were no declarations of interest.

Action by

2. Minutes of meeting held on 31 March

The minutes were approved subject to the inclusion of Anthony Preiskel in the list of attendees.

3. Matters Arising

3.1 Leaseholder service charges - Anthony Parkes to discuss with Tony Ward

AP

3.2 Digital TV - progress on consultation with residents was queried. Confirmation was given that letters were sent to residents before the contractor was on site, and meetings were held with residents associations at the survey stage.

3.3. Committee Membership - Roy Turner requested to be a member of the Operations Committee.

3.4 Housing Benefit and Welfare Reform - a briefing would be arranged for Board Members, possibly either by CIH or RBKC.

JC

4. Chief Executive's Report

The Chief Executive introduced this report, which included an update on Housing Benefit and Welfare Reform. It was anticipated that this would be a major issue over the next 2 – 3 years, initially in the private sector. RBKC had made an analysis of how many would be affected by the changes in the private sector.

With reference to rent and welfare reforms, it was commented that the rent increase this year had been above the rate of inflation, and the comments in the report about limited opportunities to move to more affordable accommodation were objected to.

Following the departure of Simon Throp, Assistant Director, Asset Investment and Engineering, Mark Anderson had been appointed from 6 June as Interim Director of Assets, Investment and Engineering for one year.

The development of the Blantyre office on World's End Estate had been tendered, and would go ahead within the budget of £250k. Work was due to start soon, and consultation was being carried out with residents. Tony Ward, as Chair of Operations Committee, asked to see details of the tender, and these would be provided. It was also queried whether the works would create a lot of noise, and confirmation was given that these and similar questions had been addressed at the meeting with residents on 24 May. Confirmation was also given that there would be no weekend working. Overall residents were positive about the development,

SJ

and compensation would be provided to the residents immediately above who would suffer some disruption.

Confirmation was given that feedback on the digital TV installation programme was mostly very positive with some minor issues about the positioning of cables, and face plates. There had also been good feedback about the quality of the workmanship. The following comments were made about the programme:

1. Concern was expressed about damage to brickwork on World's End Estate from drilling for the installation of face plates. This was being dealt with although the project officers on site had not initially informed the TMO about the problem. Assurances had been given by SCCI that any damage from drilling would be minimal.
2. Confirmation was given that installation of cabling on tower blocks had involved some abseiling.
3. 10% or 1,000 face plate installations had been done, and it was queried whether the programme was on target for completion by February 2012 with the switch off scheduled for April 2012. It was confirmed that progress on the contract was being closely monitored.
4. It was noted that a number of applications had been received from freeholders at Elm Park Gardens who wanted SCCI to undertake the work for their homes although they were not included in the contract.
5. It was queried how residents knew when SCCI were due to arrive on their estate. Letters were being sent out as the programme progressed, although dates could change if more time was required on an earlier phase of the works. Additional roadshows were also being planned for estates scheduled for work later on. Scheduled dates in the programme were also now more likely to be accurate.
6. It was pointed out that some residents would experience some loss of channels under the 9 wire system.

The Board noted the Chief Executive's information report.

5. Budget Monitoring for the period ending 31 March

This report was presented by Anthony Parkes, and the Board's attention was drawn to an error on the first page. The position had changed after the report had been published when an additional £157k was granted by RBKC towards legal costs which resulted in a surplus on the company budgets of £66k.

The management accounts did not include the year end position, but confirmation was given to the Board that the liability on the pension scheme had decreased from £19m to £5m. This variation showed the volatility under FRS 17. The financial statements

would show a significant surplus while the management accounts showed only a small surplus.

There was an underspending on the HRA managed budgets for maintenance, and the improved position on rent arrears was resulting in a reduction in bad debt provision.

Board members made the following comments:

1. The decrease in bad debt provision was queried if there was an increased risk that tenants would start to fall into arrears. Confirmation was given that it was hoped to cover legal costs in the MMA, and a £200k increase was already budgeted for legal costs. There was confidence that good performance on rent collection would continue now that the backlog of serious cases had been dealt with. Officers were very aware of the wider picture, and benefit advice was also being provided to tenants.
2. It was queried whether the additional £157k was just for legal costs, and an explanation was given of how the position would be calculated in order to provide maximum benefit to the HRA. This would be done when the final approval of the bad debt position was received.
3. Although overall the year had been good, concern was expressed about the underspending on the capital programme when the overall budget had gone down. Confirmation was given that inherent problems within the capital team would be addressed following the arrival of Mark Anderson. Another difficulty was the programme only being for a year which delayed the start of the programme. It was hoped that moving to a 3 – 5 year programme would overcome this problem, and further details would be reported to Operations Committee.
4. It was queried what type of spread sheet had been used in the report, and clarification was given that these were Great Plains although it was hoped to begin to use Excel. Copies of the spreadsheets were requested by Iain Smith.

SJ

AP

The Board noted the budget monitoring position for 31 March 2011.

6. Performance report 2010/11

Questions were invited on the year end report for performance:

1. The improved position on voids and rent collection was welcomed, but there was concern about a 45% increase in complaints, which was due to the high number of complaints about repair issues. A breakdown of the issues being raised was requested, and this would be provided.

LP/YB

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| 2. A copy of the spread sheets for performance reporting was requested by Iain Smith. | YB |
| 3. Further information on KPIs for repairs on page 45 of the Dashboard was requested as performance was down for urgent jobs completed on time, and there was a 28% failure rate on post inspections. Performance had been 91.7% at the year end for urgent jobs completed on time but overall performance was impacted by the performance for the whole year. However, quarter 4 had been nearly on target, and performance was stabilising. At the annual review of the contract in January, it had been agreed that Morrison's had to achieve all their targets for six months, and as at the fourth month, the trend was improving. If targets were not met after six months, monitoring of the contract would move on to the next stage. | YB |
| 4. With reference to performance on voids, it was pointed out that there was a property which had been void for one year at Gillray House on the Cremorne Estate. There was also a long standing void in Danvers Street in the flat above Roy Turner's. These issues would be looked into, and a response provided to Roy Turner. Confirmation was given that a new tenant had accepted the property in Danvers Street through RBKC's under-occupancy initiative, which meant that additional works were being carried out to the flat. Tenants taking advantage of this initiative were compensated for giving up a larger property. This scheme had been reviewed by the Scrutiny sub-committee on void properties. | SJ |

The Board noted the 2010/11 report on KPIs.

7. Business Plan monitoring January – March 2011

This report indicated that the majority of objectives had been completed with the exception of the ICT strategy. Achievements for the year against Business Plan objectives were listed in para 4.2.

The review of parking on page 60 was raised, and it was explained that a review of this area had been carried out but it had not been possible to progress it because of the RBKC borough wide transport plan. The work had been carried out as part of the work streams on maximising income for the HRA. However, the TMO still needed to review its own parking arrangements, and this would be done this year by the new Project Manager when in post. **The Board noted the monitoring report for the Business Plan from January to March 2011.**

8. Performance Monitoring for 2011/12

YB

The revised action plan to support key objectives and strategic priorities in the Business Plan for 2009 – 14 was presented. Board members asked the following questions:

1. Developing organisational competence on page 79: it was queried whether there should also be a Board development programme. A check would be made that this had been included in the Business Plan.
2. It was pointed out that there was nothing about preparation for the housing benefit reforms. Clarification was given that this was covered by the service plans for individual teams, but as it was thought that it should be given higher level priority, this comment would be taken into consideration.

AB-S

SJ

The Board noted that there would be quarterly reports on KPI performance to the Board, but more detailed reports would be presented to Operations Committee. The Board agreed the action plan for reporting on KPIs and the Business Plan in 2011/12.

9. Strategic Risk Management

In addition to the risk management tool kit, a risk management strategy had now been developed to help managers consider risk in their areas, and demonstrate to residents and stake holders what was being done. Internal Audit had also recommended that more work be done in this area, which would include new opportunities with risks attached. A risk matrix was included on page 124 which was a standard method for evaluating the risk levels. The strategy had also been discussed with the TMO's insurers.

Board members asked the following questions:

1. It was noted that there would be quarterly reports on risk management to the Finance, Audit and Risk Committee (paras 7.12.1 and 7.12.2), and it was queried whether the Board should also receive an annual report on this area. This was already covered by para 7.11.4.
2. The level of detail on risks that would be reported to Board was queried. A risk register would come to the Finance, Audit and Risk Committee which would contain details of specific risks, and reflect any changes to the level of risk.

AB-S

AB-S

The Board agreed the Risk Management Strategy with one abstention.

10. Contract Regulations Review

The Board noted that the Contract Regulations had last been

reviewed in May 2008, and it was important to review the regulations more regularly to ensure that the TMO complied with legislative and regulatory requirements. Another cause for concern was that the former contract regulations were difficult for staff to use. A review had been carried out of the previous contract regulations, but did not include all areas, and procurement guidelines would be brought back to the Board. The contract regulations were now divided into three documents intended to be used together for the procurement of contracts.

AB-S

Para 11.04 was noted which confirmed that the Board must award all contracts with a value of more than £1m. However, the tender opening process would not change, and the Chair of the Board/ Board Members would continue to open tenders with a value of more than £250k. The tender opening process would be covered in further detail in the procurement process document. Assurances were given to the Board that the procedure was not being changed, but adjustments were being made to the financial levels involved.

Further questions were raised by the Board:

1. Para 7 concerning waivers of the contract regulations was raised, and clarification requested on the reasons for any waiver, and how they would be reported to the Board as waivers could result in a considerable amount of money bypassing the procedure. It was suggested that the Finance, Audit and Risk Committee look at this further. It was also asked whether Board members had previously had this responsibility when staff had indemnity insurance. Para 7.04 described the circumstances in which a decision for a waiver would be made. Clarification was also given that it was usual for Board members to have responsibility in this area, and it would be done by the Chair of the Board or the Chair of Finance, Audit and Risk Committee between meetings. A report was requested giving examples of waivers which would be presented to the Finance, Audit and Risk Committee.
2. It was asked that formal declarations of interest be requested at the start of Board meetings, and this would be done. It was also possible for Board members to notify the Company Secretary within 28 days of a meeting of any conflict of interest that they may have become aware of.
3. Executive Team would also give consideration to the detail of the Contract Regulations as Executive Directors would be able to approve contracts up to a value of £500k. Angela Bosnjak-Szekeres would check with the Council on their level of authority although there was no obligation to mirror this as this level of delegation was standard practice. The majority of contracts were for the capital programme, and

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would be reported to the Operations Committee, and committee decisions reported to Board.

4. On tender acceptance in para 11, it was queried whether this was the end of the process, and whether two Executive Directors should carry out the process for contracts within £250k.

It was proposed that the Contract Regulations be agreed subject to the above amendments being sent to the Board. However, the organisation currently only had very old contract regulations for guidance which contained thresholds which were out of date.

Assurances were given that the Board's comments/amendments would be incorporated.

AB-S

To help the Board reach a decision, a summary of the changes were read out:

- Page 144, para 7.05, the Company Secretary would keep a record of any waivers made to the Contract Regulations, and these would be reported to the Finance, Audit and Risk Committee
- Para 9.02 ©, there were no changes to procedure regarding the role of the Chair and Vice chairs, and these would be covered by the Procurement Regulations
- Para 11.02, would confirm that an Executive Director in consultation with the Executive Team may award contracts with a value up to £500k.
- Para 11.03 confirmed that Operations Committee would be able to make a decision on contracts with a value between £500k and £1m,
- Para 11.04 confirmed that the Board would approve contracts with a value of £1m and over.

Board members were invited to give further comments after the Board meeting, and the amended document would come back to the Board. **The Board agreed the draft Contract Regulations with the above amendments with four against, and one abstention.**

AB-S

11 Finance, Audit and Risk Committee: terms of reference

Their terms of reference had been considered by the Finance, Audit and Risk Committee at their meeting on 7 April, but because the committee had not been quorate, the terms of reference were being referred to Board for ratification, and were attached as Appendix 1. The changes were shown in red, and advice had been received from the External Auditors.

Further clarification was asked concerning para 7.5, page 159, as it was thought that the Chair of the Board had the right to attend committee meetings rather than be invited. However, in another Board Member's experience, the Chair of the Board did not sit on the finance committee in order to maintain the independence of the committee.

Because the last meeting of the Finance, Audit and Risk Committee had not been quorate, the Board were also asked to ratify the decisions reached at the meeting. Fay Edwards would join the committee to help ensure future meetings were quorate. The Board agreed the revised Terms of Reference for the Finance, Audit and Risk Committee, and ratified the decisions made at the meeting held on 7 April 2011 as set out in the report.

12 Any other business

12.1 Board meetings - clarification was sought on the number of Board meetings a year, and this was confirmed as 8. The minimum number of meetings required to be held was 6.

12.2 Board away day - it was explained that a decision had been taken to cancel the away day scheduled for 19 May because too many Board members had given apologies. Board members would be contacted with new dates.

12.3 Annual General Meeting arrangements - a paper had been circulated to the meeting proposing that the AGM be held on Saturday, 17 September, as part of a Residents' Conference. There would be budget savings from holding a combined event, and it was hoped that it would boost the number of members attending the AGM which had been in decline. The event could be held at a hotel if the Town Hall was already booked. It was pointed out that there may be transport difficulties from planned engineering works that weekend. The Board agreed that the AGM be held on Saturday, 17 September, at 4.00 pm following the Residents' Conference. Iain Smith offered to join the project

JC

group planning this event.

13 Date of next meeting

The next Board meeting would be held on Thursday, 28th July, at 6.30 pm.

CE/JDC
21.6.11

Agenda item 2

Appendix 1 BOARD ACTION RECORD / MATTERS ARISING

NO.	MEETING DATE	MINUTE NUMBER	ACTION	BY WHOM	BY WHEN	UPDATE
1	26/05/11	3.1	Leaseholder service charges: Tony Ward's queries to be followed up	AP	By Board meeting on 28/07/11	In progress
2	26/05/11	3.4	Housing benefit changes: explore interest in a workshop for Board members	JC	By Board meeting on 28/07/11	E-mail to be sent out to Board members before next Board Meeting.
3	26/05/11	4	Briefing for Chair of Operations Committee on tender process for development of Blantyre office	SJ	By Board meeting on 28/07/11	Verbal briefing to be given. Date to be arranged.
4	26/05/11	5.3	A report would be made to Operations Committee on the advantages of moving to a 3 – 5 year capital programme	SJ	Operations Committee on 1/09/11	This will be provided to the Operations Committee by 7 th September 2011
5	26/05/11	5.4 and 6.2	Further information on spreadsheets for the budget monitoring report and performance report was requested by Iain Smith	YB/RB	By Board meeting on 28/07/11	Briefing to be arranged. Date to be confirmed.
6	26/05/11	6.1	A breakdown of the issues being raised on repairs through the complaints system was requested	LP	By Board meeting on 28/07/11	E-mail briefing will be sent out separately
7	26/05/11	6.3	Repairs' KPIs: further detail to be	YB	For next	Verbal Update and further

NO.	MEETING DATE	MINUTE NUMBER	ACTION	BY WHOM	BY WHEN	UPDATE
			provided		KPI report to Board	classification to be brought to the next Board Meeting
8	26/05/11	6.4	Briefing on void property at Gillray House to be provided for Roy Turner	SJ	By Board meeting on 28/07/11	Explanation for delay in getting this void back into the system has been circulated
9	26/05/11	7	Review of parking on TMO properties	YB	As soon as possible	Would be included in the work plan for the new Project Manager who is now in post. Further updates will be sent as they become available.
10	26/05/11	8.1	Board members to be provided with details of the Board development plan	AB-S	By Board meeting on 28/07/11	This was now included in the Business Plan corporate action plan, and on the agenda for Board on 28 July
11	26/05/11	8.2	Housing benefit: preparation for changes to be given higher priority in the Business Plan	YB	As soon as possible	It is now included in the Business Plan.
12	26/05/11	9.1	Board to receive an annual risk report in addition to quarterly reports to Finance, Audit and Risk Committee	AB-S	Ongoing	Due in 2012
13	26/05/11	9.2	Risk management: risk register to come to Board on an annual basis	AB-S	Ongoing	Due in 2012
14	26/05/11	10.1	Contract regulations: examples of waivers of contract regulations to be reported to the Finance, Audit and Risk Committee.	AB-S	At the meeting on 14/07/11	Amended Contract Regulations have been circulated to the Board for information.
15	26/05/11	10.2	Formal declarations of interest to be requested at the start of Board	AB-S	Ongoing	This has been implemented

NO.	MEETING DATE	MINUTE NUMBER	ACTION	BY WHOM	BY WHEN	UPDATE
			meetings			
16	26/05/11	10.3	Reporting of capital programme contracts to the Operations Committee, and committee decisions to the Board	SJ/AB-S	September 2011	This information will be sent to the Operations Committee before 7 th September 2011.
17	26/05/11	12.2	Board away day: potential dates to be circulated to Board members	JC	As soon as possible	It was subsequently agreed to postpone the away day to October, and possible dates are being considered.
18	26/05/11	14	Meeting of the Appointments Panel to be convened for CEO's end of year performance review	AB-S	As soon as possible	Appointments Panel met on 17/06/11
19	26/05/11	15.1	Consideration to be given to setting up a Scrutiny Committee	AB-S	Ongoing	Interested Board members to contact the Company Secretary.

Agenda Item 3

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED

Open	
For information	
TMO Board 28 th July 2011	
Report title:	Chief Executive's report to the Board
Authority for decision:	The Board has ultimate responsibility for monitoring the performance of the organisation.
Recommendations:	For Information
Regulatory/legal requirements:	None as a result of this report
Business Plan link:	Keeping abreast of performance and initiatives within the organisation, and external developments affecting social housing.
Equality Impact Assessment/comment:	Equality and Diversity issues are taken into account.
Resident consultation:	Ongoing
Resource implications/VFM statement:	Keeping up to date on latest developments in social housing is important for shaping the business. Improved performance within the organisation will help the TMO to achieve its VFM objectives.
Risk:	Failure to engage with the external

	social housing sector could have an adverse effect on the TMO in keeping abreast of developments within the sector. There is also reputational risk if performance fails to improve across the TMO.
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Appendices:	None
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Total number of pages including appendices:	9
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Name, position and contact details of author:	Robert Black, Chief Executive [REDACTED]
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Chief Executive's Report

1.0 Purpose

This is a regular report from the Chief Executive to keep the Board informed of work within the TMO, engagement with stakeholders, and developments within the social housing sector.

2.0 External updates

National Federation of ALMOs (NFA)

The NFA annual conference - 12/13 July

This recent conference in Manchester was attended by representatives from the TMO:

Reg Kerr-Bell
Fay Edwards
Kathy Harris
Roy Turner
Robert Black
Yvonne Birch
Angela Bosnjak-Szekeres

The theme was 'a brand new start' concentrating on how ALMOs can make the most of the new Council housing finance regime, and options for life after decent homes. Under the new financial regime, RBKC will move towards keeping all its rental income, and develop a 30 year business model from April 2012. Other topics covered at the conference were the proposed changes to Housing Benefit, and the introduction of market rents.

NFA Annual Review for 2010/11

A number of ALMOs are reaching the end of their management agreements, and are discussing their future direction with their local authorities. Some ALMOs have already gone back in-house or are pursuing stock transfer, while others have had their management agreements renewed or extended. However, new ALMOs such as in Kent are still being created, and others have increased the range and scope of services they provide.

Our own organisation is reviewing the Modular Management Agreement (MMA) with RBKC which will come to the Board. As a TMO the review is just updating the agreement rather than any major changes.

Priorities for the NFA during the next year are:

The Localism Bill
Implementing self-financing

Exploring community ownership

The NFA is continuing to lobby the government on the following:

- That the Community Right to Challenge will apply to social housing tenants and ALMO staff who want to manage their social housing
- That Right to Buy receipts should be retained by local authorities rather than the Treasury
- Stronger protection for tenants to enable them to determine who manages their homes as some local authorities have ignored government guidance on procedures to be followed before taking an ALMO back in-house
- For funding to enable ALMOs to complete outstanding Decent Homes' programmes.

NFA Board

Since the inception of the National Federation of ALMOs in 2003, when the TMO was one of the founder members, the TMO Chair has been on the NFA Board. However, following the election of the new NFA Board in June, KCTMO has stood down, but will continue to support the overall aims of the NFA.

3.0 Resident Engagement

Tenants Consultative Committee (TCC)

As Councillor Coleridge, Cabinet Member of Housing, wants to enhance the role of the Tenants Consultative Committee (TCC), an additional meeting was held on 12th July, which was well attended by about 35 people. Mark Anderson, the new Director, Asset Investment and Engineering, presented plans for capital investment, and will work with RBKC to ensure that the right decisions are made on stock investment. Andy Marshall, Assistant Director of Partnering, spoke on repairs, and John Borra, Performance and Compliance Manager, introduced the new compensation policy which has been agreed with RBKC.

Overall the meeting was very positive, and reflected the work that the TMO is doing to engage with our residents.

Chairs 'get together' - 7 July

A successful social event was held for Resident Association and Compact Chairs which was hosted by Mike Doolan, Chair of the Resident Engagement Panel. The aim of the evening was to build stronger links with residents associations, and introduce key members of staff. In addition to presentations by senior staff, the evening was quite light hearted with a TMO quiz, and was attended by 24 Chairs of Resident Associations and Compacts. Consideration is now being given to holding similar events at regular intervals in order to build relationships with the residents associations.

Road shows

A major new initiative has been started this month, 'Get on board' with an overall aim of encouraging more residents to become TMO members, and to engage with the organisation. A series of road shows are being held on our estates starting with World's End on 19 July, and Henry Dickens Court on 21 July. External organisations and agencies will also have an opportunity to showcase their services at these events. Board members are invited to attend the road shows, and the programme will continue throughout the autumn into next year.

4.0 City of London

KCTMO was contacted by the City of London concerning an opportunity to manage some of its housing stock. These discussions are at an early stage whilst the City of London reviews its role, and considers moving to being a strategic authority with others providing the services. They are also interested in the TMO model. This initiative is very similar to the tri-borough work RBKC is involved in with Hammersmith & Fulham and Westminster City Council. There will be a meeting with City of London on 28th July, and feedback will be given to the Board at the meeting that evening. City of London is also holding discussions with other housing providers.

5.0 Stable Way gypsy and travellers site

KCTMO has been invited to tender for the management of the Stable Way gypsy and travellers site following the successful submission of a PPQ. The closing date for tenders is 2 August, and if successful, the contract will begin on 1 November.

6.0 Staffing

New staff

As mentioned above, Mark Anderson joined KCTMO on 6 June as the interim Director of Asset Investment and Engineering. Following the early retirement of Valerie Sharples, Mike Hallimond has been appointed Capital Programme and Investment Manager, with responsibility for keeping the capital programme on target. Judella Ferreira has been appointed as Executive Assistant to Sacha Jevans, and in addition to secretarial support, will be following up enquiries on Sacha's behalf.

Executive Team

Following the review of the Executive Team structure two years' ago, further consideration has been given to its structure during the end of year performance reviews. I am pleased to inform the Board that Yvonne Birch, Head of Strategy and Engagement, who reports directly to the CEO, will now become a member of the team. She already attends all the meetings, and leads on key Business Plan objectives around the delivery of the Business Plan and improving resident engagement. Other Executive Team members are in support of this change, which does not have any financial impact on the

organisation, but recognises the contribution that Yvonne has made during the last year, and the expectation of what we want to achieve going forward.

7.0 Blantyre office development

There have been delays to this project while Planning and Building Regulation approvals have been obtained. All planning matters have now been resolved apart from the colour of the brickwork, which will be submitted next week commencing 25 July. The main contractor, Storm Building Ltd, will sign the contract before the end of July. A pre-contract meeting will take place in August with a start on site in September. Completion is anticipated early in 2012.

8.0 Post HRA Stock Finance Programme

Now that the work of Cabinet working group on the future of the housing stock has been completed, RBKC has established a Business Change Projects Group to take forward the following work streams:

- Self-financing
- Asset management and capital programme
- Value for money and partnership

TMO staff will be working with RBKC on taking forward these work streams.

9.0 Policy Brief: update July 2011

Localism Bill update

The Localism Bill currently passing through the Housing of Lords is scheduled to receive Royal Assent in November (rather than April 2012) which means that flexible tenancies can be introduced sooner than anticipated. However, the Welfare Reform Bill has been delayed in the House of Commons, and will be debated by the House of Lords in the autumn. This Bill will introduce the Universal Credit system with a cap on total benefits of £26k per year.

Affordable Homes programme

The Homes and Communities Agency (HCA) have announced the successful providers of new homes under the Affordable Homes Programme. It is anticipated to deliver a total of 170,000 new homes over the next four years, including 80,000 affordable homes. This includes over 16,000 new Affordable Rent homes and over 5,000 new affordable ownership homes in London over the next four years.

Number of new affordable homes by HCA Operating Area (all figures subject to change through contracting process)

HCA Operating Area (OA)	Affordable Rent homes	Affordable home ownership homes	Total affordable homes	OA %
East and South East	10,874	3,558	14,432	18.04%
London	16,130	5,726	21,856	27.32%
Midlands	10,647	2,898	13,545	16.93%
North East Yorkshire and The Humber	7,286	849	8,135	10.17%
North West	8,320	991	9,311	11.64%
South and South West	9,697	3,024	12,721	15.90%
Grand Total	62,954	17,046	80,000	100.00%

Local Registered Providers are setting their Affordable Rent levels, and the indicative figures below show what level of rent an Affordable Rent tenancy could be in the Royal Borough by a local provider:

Affordable Rent plans in the Royal Borough			
1 bed	2 bed	3 bed	4 bed +
<i>Octavia Housing and Care</i>			
50% at £140 50% at £220	50% at £160 50% at £250	£180	£200
<i>Shepherds Bush Housing Association</i>			
80% market	80% market	N/A	N/A
<i>Notting Hill Housing</i>			
£240 max	£245 max	£250 max	£250 max
<i>Affinity Sutton</i>			
<i>Relets</i> 80% market	80% market	Social rent plus £5	Social rent plus £5
<i>New build</i> 80% market	80% market	65% market	65% market
<i>Catalyst (Kensington Housing Trust)</i>			
£250	£290	N/A	N/A
<i>Family Mosaic</i>			
60% market rent	60% market rent	60% market rent	60% market rent
<i>L&Q</i>			
Up to 80% market	Up to 80% market	N/A	N/A
<i>Viridian Housing</i>			
65% market rent	65% market rent	65% market rent	65% market rent

Consultations

Implementing social housing reform: directions to the Social Housing Regulator

This consultation seeks views on proposed draft directions to be given by the Secretary of State for Communities and Local Government to the Social

Housing Regulator under section 197 of the Housing and Regeneration Act 2008. These directions are needed to implement important elements of the government's planned reforms to social housing and will replace those issued to the regulator by the previous government. The consultation closes on 29 September.

Open Public Services White Paper

There is a consultation on public services currently running over the summer months. The White Paper sets out the government's approach to public services by applying five key principles: choice, decentralisation, diversity, fairness and accountability.

For housing, the paper highlights some of the changes which the government have already made, as well as some of the plans for the future. These include:

- Universal Credit: meaning individuals have choice about how to spend the housing component
- Regulation to ensure social housing providers offer mutual exchange to residents
- Personalised budgets for supporting people services
- Encouraging tenant led management
- Consultation on how to stimulate the local housing market (including future consultation on the future of ALMOs and making them autonomous rather than semi-autonomous as at present).

Squatters

The Ministry of Justice has published 'Options for dealing with squatting', seeking views on proposals for strengthening criminal and civil mechanisms for dealing with squatters, including making squatting an offence for the first time, sending persistent offenders to prison, and abolishing 'squatters' rights'. Also published was an accompanying impact assessment, which notes that criminalising squatting could lead to increases in homelessness and rough sleeping. The deadline for responses to the consultation is 5 October.

We are looking to contribute to these consultations and would appreciate guidance on how they would like to do this and is on the main agenda

Statistics

The English Housing Survey 2009 – 10 Household Report included the following findings:

- Some 67% of the 21.6m households in England in 2009 – 10 were owner-occupiers, 17% were social renters, and 16% were private renters. Owner-occupation declined from 14.8m (71%) in 2005 to 14.5m (67%) in 2009 – 10.
- The average weekly rent in 2009 – 10 was £156 for private renters compared with £75 for social renters.
- 33% of private renters had lived in their home for less than a year compared to 2% of owner-occupiers and 8% of social renters.
- An estimated 630,000 households (2.9%) were overcrowded, with over a third of these households (237,000) living in London (7.8% of London

households). Some 7.9m households (37%) were under-occupying their accommodation.

- Only 4% of owner occupiers were recent first time buyers (bought within the previous three years), with the majority of these (61%) being aged between 25 and 34.
- Over two thirds (68%) of new households formed in 2008 – 09 and 2009 – 10 were living in the private rented sector.

Figures from Shelter published on 14 July and based on an analysis of the English Housing Survey, show that 1 in 4 children in London are living in overcrowded accommodation and 43% of children in the social rented sector are living in this way.

Robert Black
Chief Executive

Agenda Item 4

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION

TMO BOARD

28th JULY 2011

REPORT BY THE EXECUTIVE DIRECTOR FOR HOUSING, HEALTH AND ADULT SOCIAL CARE AND THE HEAD OF HOUSING

REPORT ON TMO PERFORMANCE 2010/11 AND TMO PERFORMANCE AGREEMENT 2011/12

The purpose of this report is to introduce two documents; the TMO Performance Review 2010/11 considers RBKC Tenant Management Organisation's (TMO) performance against a range of indicators and audits for 2010/11 and the TMO Performance Agreement for 2011/12 which sets out the performance expectation for the coming year.

FOR INFORMATION

1. INTRODUCTION

- 1.1 The Council has a significant role in monitoring the performance of the TMO in delivering services to our tenants and leaseholders in line with our corporate priorities, government policy and residents' wishes.
- 1.2 The framework for formalising the monitoring and reporting of the TMO's performance are the Annual Review; which is a look back on the previous year, and the Performance Agreement which details the monitoring of service areas for the forthcoming year and the performance targets that the TMO are expected to achieve during the year.

- 1.3 The Annual Review paper has been written to summarise performance for 2010/11 including achievement against key performance indicators (PIs) and the outcomes from the Council audit programme. The paper has been agreed with the Cabinet Member for Housing and the Chairman of the TMO Board.
- 1.4 The Performance Agreement for 2011/2012 which the Council will utilise in monitoring the TMO has now been agreed with the TMO.

2. TMO PERFORMANCE 2010/11

- 2.1 This paper forms Appendix 1 of this report. It describes the TMO's performance against the 2010/11 Performance Agreement agreed in June 2010 and shows delivery against a range of housing activities, key performance indicators and the Audit Plan for 2010/11. The overall picture of performance by the TMO is good.
- 2.2 The direction of travel for performance indicators is encouraging. Of the thirteen PIs, nine achieved the target or were within 0.5% of the targets; tenant satisfaction, rent collection, re-let times, equalities and the four leasehold collection PIs. Four PIs missed the targets; decent homes, energy ratings, repairs and capital programme spend. The repairs PI has seen significant improvement in year from Q1 performance at 86.8% to Q4 performance at 96.7% and the other PIs are now subject to greater scrutiny as part of the Council's monitoring framework.
- 2.3 The audit programme shows two substantial, eleven satisfactory and three limited assurance levels, all of which are considered medium or low risk by the Council's audit team.

3. CONCLUSION FOR 2010/11

- 3.1 It has been a positive year for partnership working between the TMO and the Council with delivery of a number of projects; Housing Stock Finance and Development Project, the Modular Management Agreement and the Annual report to tenants. Performance against key indicators and audits has achieved good results and the continued partnership working on the activities detailed in the Performance Agreement will ensure that the shared priorities will be delivered.

4. THE PERFORMANCE AGREEMENT FOR 2011/12

- 4.1 The Performance Agreement for 2011/12, attached at Appendix 2, is designed to meet the Council's housing priorities, both in the local and national context over the next year. New agendas are emerging and the TMO is considered well placed to deliver in these areas on

behalf of the Council and its residents. The TMO is already involved in the Business Change Project, tenant regulation, regeneration projects, greener housing and the worklessness agenda. The TMO's performance indicators will continue to form part of the Council's Housing PI Suite and these have been adapted to incorporate the local standards developed as part of the Annual Report to Tenants. Monitoring through audits, PIs and involvement of the Business Change Project will ensure accountability and robust monitoring of the TMO.

5. CONCLUSIONS FOR 2011/12

- 5.1 Monitoring of the Performance Agreement will take place quarterly and will be reported to regular meetings with the Head of Housing and TMO Executive. Progress against the Performance Agreement will be reported at the end of quarter two to the Cabinet Member for Housing and Property and to Scrutiny Committee.
- 5.2 The Business Change Project which includes self-financing for housing, asset management and regeneration and value for money will be a high priority for the year, as will be achieving top quartile performance in respect of housing PIs.
- 5.3 It is anticipated that the mid year review of performance in October 2011 will identify improvement issues for the TMO that come up in year, and they will be incorporated into the Performance Agreement at this point.

FOR INFORMATION

Laura Johnson
Head of Housing

Jean Daintith
Executive Director for Housing, Health and Adult Social Care

Background papers used in the preparation of this Report:

None

Officer contact:

Celia Çaliskan, Performance Improvement Manager Tel: [REDACTED]
E-mail: celia.caliskan@rbkc.gov.uk

Appendix 1

REPORT ON TENANT MANAGEMENT ORGANISATION PERFORMANCE 2010/11

1. Executive Summary

- 1.1 The Tenant Management Organisation's performance over a range of areas has been good this year. The TMO has continued to contribute toward the Council's priorities with its close partnership working which is important in this period of change in social housing. This includes delivery on the Housing Stock Finance and Development Project and the Annual Report to Tenants. The reviews of the Modular Management for both the TMO and the Lancaster West Estate Management are proving constructive and will improve the robustness of the relationships for all parties. In performance monitoring and audit terms there are some very good results (overall satisfaction, relets, rent collection, homeownership, accounting, payroll and recruitment), but there are also still areas for improvement in respect of the capital programme, lift contracts, use of spreadsheets and the recovery of IT functions. Many of areas these have been recognised by the TMO and have or are being addressed as the improved performance on the repairs PI has shown. The TMO has concentrated on delivering its own Business Plan objectives particularly the key priorities relating to governance and improving satisfaction, access and engagement for residents.

2. Purpose of the Report

- 2.1 The purpose of this report is to assess the TMO's performance over the last year, commenting on the various aspects of their activity in the borough which contribute to the Council's strategic priorities through performance information, audits and the TMO's Business Plan 2009-2014.

3. Performance Information

- 3.1 The TMO reports to the TMO Board using a dashboard of Performance Indicators which gives clear messages about the performance of different aspects of their service. PIs included in the dashboard form part of the Council's own Housing PI Suite. The table at Appendix A shows the outturn figures for the TMO PIs for 2010-11 against the performance from 2009-10, and where available the upper quartile benchmark from the Housemark ALMO Performance club.

- 3.2 The data shows of the thirteen PIs, nine achieved or were within 0.5% of the targets set at the start of the year; four PIs did not achieve the targets. All four of these PIs are in relation to repairs and capital programming. More detailed information from the stock condition survey for two of the PIs, Decent Homes (NI 158) and Energy Efficiency (L4101) has been input in to the Keystone Asset Management database which has resulted in more accurate reporting. Urgent Repairs and Capital Programme PIs, spend have been affected by performance of contractors, leasehold consultation and internal staffing issues; matters which the TMO has spent considerable time resolving. The Urgent Repairs PI has seen an improvement over the year as quarterly figures show Q1 as 86.8% to the outturn figure of 96.7%. The capital programme spend will come under much greater scrutiny from the Council through the Asset Management and Capital Programme workstream that is part of the Business Change Project (see item 7.2) and discussions are ongoing about the planning and level of programming.
- 3.3 There has been a significant improvement on Relet times (L4108) from 33 days in 2009/10 to 26.7 days in 2010/11. It has been calculated that approximately £250,000 more rent has been collected as a result of the decrease in void time. This demonstrates the improved working relationship with the repairs contractor. Rent collection and arrears recovery have also improved on the previous year whilst the Home Ownership PIs maintain or improve their performance. It has been estimated that the small percentage increase in rent collection has resulted in an increase of about £230,000 being collected this year due to the increase in performance. Although there is now no statutory duty to undertake satisfaction surveys with the end of National Indicators, the door knocking exercise undertaken last summer as a replacement for the Status Survey has shown an improvement in overall tenants' satisfaction from 68% in 2008/9 to 77% (74% when including leaseholders). Satisfaction ratings are part of the "Local Offer" (see item 5) therefore the TMO will continue to monitor this satisfaction PI.

4. Audits

- 4.1 The table below shows the audit programme for 2010/11, these have been carried out by the Council for the TMO. Of the seventeen audits conducted the assurance levels given were two substantial, eleven satisfactory, three limited and one draft. The limited audits were due to non-compliance with EU regulations and procurement issues in respect of the lift contracts; not enough of the recommendations had been implemented on the use of spreadsheets, and for ICT Strategy and Disaster Recovery the

issues are around the lack of any formal approval of the strategy, centralisation of the documents and consultation with the TMO departments.

Audit Title	Assurance Level Provided to Management	Risk to the TMO
Responsive Repairs - Contract Award	Satisfactory	Medium
Recruitment and Payroll	Substantial	Medium
Managed Accounting Systems	Satisfactory	Medium
Company Accounting Systems	Substantial	Medium
Rents	Satisfactory	Medium
Health and Safety	Draft	
Corporate Governance	Satisfactory	Medium
Use of Spreadsheets	Limited	Medium
Health and Safety	Satisfactory	Medium
Business Continuity	Satisfactory	Medium
Community Alarm Service	Satisfactory	Medium
Lift Maintenance	Limited	Low
Cleaning Contract	Satisfactory	Medium
Complaints Management	Satisfactory	Medium
TMO - ICT Strategy and Disaster Recovery	Limited	Medium
TMO Environmental Services (Grounds Maintenance)	Satisfactory	Medium
TMO Keystone Asset Systems	Satisfactory	Medium

5. Annual Report for Tenants

- 5.1 In accordance with the Tenants Service Authority (TSA) performance monitoring framework the Council and the TMO produced an Annual Report for Tenants. The report describes how the Council and the TMO meet the TSAs national standards for housing management and details local standards, called the "local offer", that tenants can expect in relation to services for 2011-2012.
- 5.2 The report was published on the TMO and Council websites in October 2010 and then further work was undertaken by the TMO in February to consult with the tenants at their Resident Conference on whether to the TMO had got their "local offer" right. The feedback showed that the areas chosen were of the most interest to tenants;

these were notice boards, repairs, consultation, caretaking services and anti-social behaviour. This discussion has informed the work then undertaken by the TMO.

5.3 In April 2011 an update report was produced which showed the progress made by the TMO against the local offer. Good progress has been made; in respect of gathering information on the way people prefer to be contacted, updating the website, updating the service standards, improving monitoring of satisfaction in response to complaints and anti-social behaviour reporting and the notification of estate inspections. The Council will continue to monitor the progress on the local offer, which is one of the offers itself and will undertake further reporting in October 2011 in accordance with the TSA's monitoring framework.

5.4 The Annual Report for Tenants and the Progress Report 2010-11 can be viewed at:

<http://www.rbkc.gov.uk/housing/informationonsocialhousing/ourannualreporttotenants.aspx>

6. Changes to the Modular Management Agreement (MMA)

6.1 The agreement which governs the working arrangements between the Council and the TMO was last updated in April 2006 when the original agreement was reviewed and revised in to a Modular Management Agreement in line with Arms Length Management Organisation (ALMO) best practice recommended by central government. Since 2006 there have been two Deeds of Variation (Adjudication Service, Improvement Plan and Code of Governance – July 2008 and Responsibility of Allocation of Property – April 2010).

6.2 The current review aims to incorporate the change for the responsibility for allocations, update the Constitution and Code of Governance, embed the work of the Housing Stock Finance and Development programme which includes the change from the subsidy regime to self-financing, and to update the Schedules in Volume 2 to reflect current working practice.

6.3 In view of the underspend on the capital programme and the introduction of Social Impact Bonds by central government discussions are taking place about the use of incentivisation in respect of performance outcomes and this new area needs developing for inclusion in the next five year term of the MMA.

7. Housing Stock Finance and Development

7.1 The TMO was an integral part of the Housing Stock Finance and Development Programme which looked at options for preventing the Housing Revenue Account (HRA) going in to unlawful deficit. The workstreams produced a number of results:

- I Introduction of the Transitional Rent Level from April 2011 – rents increased by an average of 8.7 per cent for 2011/12. A full programme of consultation and an Equalities Impact Assessment were part of the process
- II Preparation for the introduction of self financing
- III Review of income generation areas
- IV Asset management including identification of small site development, disposals and regeneration projects
- V Savings of around £53,000 delivered through efficiencies on recharges from Council managed Clientside costs and £300,000 savings on the TMO's new repairs contract with Morrisons and a projected reduction in the TMO fee of £500,000.

7.2 The Housing Stock Finance and Development Programme has now been completed and the Cabinet Working Group was dissolved in March 2011. However the project workstreams remain to ensure delivery of the outcomes and these will be taken forward through the Business Change Project and these have been included in the Housing work plan for 2011-12. The workstreams are:

Self Financing Project
Asset Management and Regeneration
Value for Money and Partnership

7.3 The Equalities Impact Assessment was undertaken to ensure that the rent increase did not disproportionately impact on any specific groups and if it did that this impact could be mitigated, did identify that there were equalities issues. Black and minority ethnic groups, lone parents, older and disabled people on lower incomes were all likely to be affected. This resulted in guidance notes being sent out with the notification of the rent letter which offered access to information or assistance from the Borough's voluntary groups, a joint approach to handling tenant queries, which will continue as part of the Council's new housing advice service and networking

with both the Kensington and Chelsea Social Forum and Action Disability Kensington and Chelsea.

8. TMO Business Plan

8.1 The Business Plan 2009-2014 was agreed by the Board in March 2010. Since then the Board has received regular updates on progress and actions taken to deliver the objectives. These objectives were incorporated into detailed service plans held by senior managers and cascaded down to all staff within KCTMO where they form an inherent part of the wider performance management one to one and appraisal processes.

8.2 At the end of year 1 of the 25 items scheduled for delivery all except 3 had been completed or are on target to complete. Some of the achievements against objectives are listed below:

1. Keeping our Customers and Residents Centre Stage

- a) Improving customer satisfaction – a TMO wide door knocking exercise was completed and resulted in 2246 responses which has enabled a full range of satisfaction data to be produced. Tenant satisfaction was recorded as 77%, an improvement of 9% against the 2014 target of 10%.
- b) Improved access for customers – new reception opened at the Network Hub and opening hours across all offices have been standardised. A new Assistant Director of Contact and Services is in post and there has been a major improvement in call handling in the fourth quarter of the year.
- c) Enhanced Resident Engagement – the Resident Engagement Strategy was agreed and the TP tracker is increasingly used for measuring resident engagement activity and activity reporting. The Resident Engagement Panel has met four times within the year and assisted in the production of the annual report and local offers.

2. Being Competitive and Increasing our Income

- a) Deliver efficiency and achieve a balanced HRA – the TMO contributed to the RBKC workstream report which went to the Cabinet Working Group on 13th October
- b) Maximise income from existing assets – the parking review will be re-scoped following the RBKC review of the Transport Strategy. The TMO will continue to work with RBKC on Hidden Homes.

3. Developing Organisational Competence

- a) Develop TMO governance – a governance improvement plan is in place and a new permanent Company Secretary is now in post.

9. Capital Programme projects

- 9.1 There were two major projects undertaken as part of this year's Capital Programme; the installation of digital television to prepare for the digital switchover in 2012 and the programme of insulation works funded by the Department of Communities and Local Government as part of the Social Housing Energy Programme (SHEPS). The digital TV programme started in January after a programme of consultation and is on target to complete in March 2012. To date 1500 properties have been completed. The installation has generated a lot of interest from residents with a number of complaints, but the need to provide a service to meet the current and future needs of all residents has meant that the works have proceeded as planned.
- 9.2 The insulation works included loft and cavity wall insulation and in total 1,800 properties have been completed with a total spend of £3.2 million. Over 1300 properties were completed this year and this marks the end of the project with all buildings that could be insulated having the works completed. The TMO will be bidding for any opportunities for funding to deal with properties with solid walls

10. Silchester Estate and Regeneration

- 10.1 The development of proposals for new housing on the Silchester Estate has progressed well, in close co-operation with the TMO. The formal procurement process will conclude in September 2011, and further liaison will continue with the appointed development partner over the coming months up to a predicted start on site of summer 2012. The scheme will deliver 63 new homes to meet the off-site affordable housing demands of the Holland Park School scheme, and this will include over 30 three, four and five bedroom homes for social rent. Resident consultation and the handling of any decanting of TMO tenants associated with the development, will continue to require close discussion between all parties.
- 10.2 Through the Asset Management meetings the TMO and the Council are also engaged in ongoing discussion about the potential for development of other sites within the HRA to deliver new housing for the borough. The next significant scheme will be the site of the former Edenham Way Old People's Home.

11. Homeownership

- 11.1 The collection rates for service charges and major works both exceeded their targets with collection for service charges coming in at 112% and major works collection substantially above target at 294%. In real terms the TMO billed £3.7 million and collected £5.3 million which has reduced the overall debt by £1.6 million, resulting in a positive impact on the 'bad debt provision'.
- 11.2 In addition, early indications from the "TMO in Touch" exercise suggests that satisfaction amongst home owners has increased by up to 20% from the last survey in 2008.
- 11.3 There were four applications to the Leasehold Valuation Tribunal (LVT) in 2009/10, of which, the TMO and the Council were unsuccessful in one, the other three applications were either withdrawn or won.
- 11.4 The Income Team were audited by RBKC internal audit and this resulted in a significant improvement and the awarding of a "substantial assurance".

12. Lancaster West Estate Management Board (EMB)




- 12.1 Officers from the Council, the TMO and the EMB have met to discuss the future relationship between the three parties and to update the MMA signed in 2006. Part of the discussions has focussed on the EMB's budget and the services that the TMO provide to the EMB. The TMO highlighted that the EMB estate office was running at a loss and measures need to be taken to address this especially as the TMO were working with the Council to reduce the expenditure as part of the Housing Stock Finance and Development programme.
- 12.2 Following a constructive meeting between all the parties the TMO presented their proposals for a restructure to the EMB Board in February. This reduced the overall number of staff by one post, an estate officer, and moved two administration posts to the TMO Hub. Other measures discussed which will be taken forward are the appointment of a new Area Manager with Board members taking an active role in the recruitment process, investigating a new location for the office and implementing a new monitoring framework.
- 12.3 The next step in terms of the MMA is to update the EMB's agreement (which defines the arrangements between the Council and the EMB), following the review of the TMO's agreement. This will also require the drafting of a new agreement that sets out the

relationship between the three parties with particular attention to the Service Level Agreements which determines the services delegated by the EMB to the TMO. A meeting will be held in July to progress this.

13. Conclusion

- 13.1 The partnership working has been a key feature in the TMO's performance this year. Relationships since the Improvement Plan was completed in early 2010 have improved and the TMO has been key to the delivery of the Housing Stock Finance and Development Project as well as close working on Digital TV and the Annual Report to Tenants. The on-going work on the Business Change Project and MMA will continue to shape this relationship and deliver the shared priorities. In performance terms there has been considerable work done on relets, rent collection and home ownership, and this will be carried on in respect of the capital programme and repairs to ensure they similarly improve.

TMO PI Table – 2010-11
Appendix A

PI Ref	Title	Good is?	Vital Sign	Outturn figure 2009-10	Target 2010-11	Outturn figure 2010-11	Upper Quartile bench mark	Trend	Target met	Future targets		Commentary
NI 158	% non-decent council homes	Low	Y	1%	0.0%	3%	2.7%	↑		1%	1%	A borough wide stock condition survey carried out in May 2010 has allowed us to refresh and validate our previous stock condition database, giving a more realistic picture. Decent Homes works have been included in the Capital Programme to ensure the 1% target is achieved next year.
NI 160	Local authority tenants' satisfaction with landlord services.	High	N	NA	72.0%	74%		↑		75%	77%	Bi-annual PI. Provisional result from the TMO in Touch survey (includes tenants and leaseholders)
L 4101	Energy efficiency of housing stock	High	N	71	75	66.4	77	↑		69	70	The new property Database (Keystone Asset Management Software) has enabled us to improve the accuracy of our SAP calculation A revised SAP target of 69 for 2010/2011 was based on the assumption that the cavity wall insulation programme to 1300 properties would raise the average SAP by at least 3 points. However data from the final phase of the insulation programme is yet to be loaded onto the Keystone SAP calculation software and once complete, the projected SAP rating of 69 , is expected to be met. Changes to SAP calculation methodology introduced in April 2011 will be taken into account for future SAP returns and this is not expected to have a significant impact on the projected SAP ratings for the period 2011 – 2014. It is important to note that an increase in SAP can only be achieved when fabric measures for work such as cavity or solid wall insulation are carried out. The funding levels for such work are at an all time low and hence target SAP ratings remain as follows: 2011/12 – 69.0; 2012/13 – 70.0; 2013/14 – 71

L 4103	Rent collection and arrears recovery: rent collected	High	Y	96.6%	97.7%	97.4%	98.49%	↑	😊	97.6%	97.8%	The target was reduced from 97.7% to 97% in May 2010 in order to make it more realistic in the light of the previous year's performance. This figure was achieved, reducing the borough-wide arrears by £264k.
L 4104	Rent collection and arrears recovery: seven weeks arrears	Low	N	7.71%	7.00%	6.2%	5.3%	↓	😊	6.60%	6.30%	The target was exceeded, showing that the higher balance arrears cases are under control and reducing.
L 4108	Average time to re-let local authority housing (days)	Low	Y	33	28	26.7	25	↓	😊	24	22	The improved is due to close co-operation with the voids contractors and staff within the TMO and RBKC. New working arrangements within the voids team will improve performance with additional savings in lost revenue due to vacant properties.
L 4123	Proportion of approved housing capital investment programme spent	High	N	95.02%	100%	83%		↓	😞	100%	100%	The main reasons for this significant variation to the budget are: <ul style="list-style-type: none"> • Snow in December resulted in the postponement of a roof renewal from December until April (£200,000). • Leaseholder consultation process caused delays in the Cold Water tank installations (£500,000) and lift replacement programmes (£500,000). This consultation has now been undertaken and is part of the 2011/12 programme. • Restrictions on the existing lease agreements prevented the progress of the CCTV and door entry project at Worlds End (£225,000). • In response to concerns from leaseholders regarding the cost of window replacement works (£350,000), an alternative programme of window repairs at a cost of £90,000 was undertaken.
L 4124	Percentage of urgent repairs completed within Government time limits	High	Y	97.6%	97.0%	91.7%	96.8%	↓	😞	Deleted		This indicator did not meet the annual target the quarterly monitoring information shows a steady increase in performance over the year to 96.7% in the last quarter. The improvements in Morrisons contractors in relation to an action plan will ensure performance continues to improve.

												Deleted PI being replaced with First Time right
L 4125	Commission for racial equality's code of practice in rented housing [Previously BV164]	NA	N	Yes	Yes	Yes			😊	Deleted		This indicator ceased to be applicable following the introduction of the Equalities Act which came into force in October 2010
L 4146	Collection rates - Leaseholder Service charges	High	N	112.80%	110.20%	112.1%		↔	😊	105%	105%	The total amount billed 2010-11 was £3,166,204.67. This amount was collected plus an additional £381,994.34, which is above the target of £3,490,211.66 by £57,987.35.
L 4147	Collection rates - Leaseholder Major Works	High	N	136.80%	223.30%	294.4%		↑	😊	165%	165%	The total amount billed in 2010-11 was £659,226.64; this amount was collected plus an additional £1,281,824.64 which is above the target of £1,606,506.82 by £334,554.46.
L 4148	Arrears collection - Leaseholder Service Charges	High	N	382,998	324,000	381,994		↔	😊	£191,000	£191,000	The arrears collected were £57,987.35 above target.
L 4149	Arrears collection - Leaseholder Major Works	High	N	604,609	947,000	1,281,825		↑	😊	£693,000	£693,000	The arrears collected were £334,554.46 above target.

Appendix 2

TMO PERFORMANCE AGREEMENT 2011/12

1. Executive Summary

- 1.1 There is further change expected in the social housing sector in terms of financing and regulation. Much of this work is still developing but with the relationships and projects already established the TMO is well placed to meet the changes and deliver on the Council's responsibilities in these areas. The performance monitoring by the Council in respect of PIs, audits and programmes will continue, supported by a new Modular Management Agreement and the Business Change project, with particular attention on the capital programme, repairs and tenant engagement which builds on the work that the TMO has undertaken as part of its Business Plan.

2. Purpose of the Report

- 2.1 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. There is considerable change expected in terms of finance and regulation and this work needs to be implemented alongside the day to day management function, the on-going projects and the other business functions as set out in the TMO's Business Plan.
- 2.2 This agreement will be reviewed and a mid-year progress report produced following the end of the second quarter.

3. Key Areas of Performance

3.1 Performance Indicators (PIs)

- 3.1.1 In previous years one of the key drivers for the TMO's performance was the National Indicator set, which included PIs delivered on behalf of the Council. Now that there is no national performance monitoring framework the Council has decided that it will retain a number of key PIs to ensure that the TMO is delivering in terms of its management function and services to residents. The PI suite this year is very similar to previous years particularly the retention of the tenant satisfaction PIs (see Appendix B). One notable addition to the TMO's PI suite is the Repairs PI - First Time Right. This PI was developed from the work undertaken from the Annual Review for Tenants, which identified how important it was for tenants to have works undertaken on the first visit and negate the need for further visits by contractors. The TMO's repair contractor

Morrison's has been using this measure and monitoring it for at least 3 months before it was introduced as a performance measure in the PI suite.

3.1.2 The targets set will ensure that the TMO will achieve its Business Plan objective of meeting top quartile performance when benchmarked against other London ALMOs (through the Housemark Performance Club).

3.1.3 The underspend on the Capital Programme gave rise to concern in the Annual Review 2010-11 and this PI will be subject to scrutiny through both the PI suite and the Asset Management and Capital Programme Workstream which is part of the Business Change project.

3.2 Audits

3.2.1 Delivering good services to residents and protecting the Council's assets are priorities of the Cabinet Business Plan. The audit programme for this year is designed to ensure that the TMO deliver on these areas:

Area	Audit	Type of Review	Quarter
Financial Services	Service Charges and Major Works Estimates / Final Accounts	Full	3
Customer Services	Rent Income	Full	3/4
	Repairs including Voids Management and Larger Repairs / Decants	Full	TBA
Other	Lancaster West Management Agreement and SLAs	Full	4
	Garage Lettings	Full	2
Asset Investment and Engineering	Capital Programme	Full	3
	Programmed Works Team	Full	1
	Strategic Property Management / Stock Management	Full	3
	Capital Projects	Specific	3/4
CEO	Corporate Governance	High level	TBA
IT	Data Security including EDMS	IT	2

	Academy	Full	1
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3.3 Business Change Project (BCP)

3.3.1 The Stock Finance and Development Project completed at the end of March in its original format, however to ensure delivery of the identified project outcomes, the workstreams will be taken forward and monitored through the Business Change Project. This project will be led by the Head of Housing in conjunction with TMO's Chief Executive. It is split in to three main areas of activity which will report to the overarching Business Change Project Board:

BCP workstreams

Asset Management and Regeneration

Project lead: Jane Trethewey, Housing Strategy and Regeneration Manager

Outcome: property management of HRA assets through the TMO

Outputs: Capital Programme Review
Keystone Asset Management Review
Small site development programme
Disposals programme
Estate Regeneration Programme
Income Generation projects

Self financing

Project lead: Rachel Wigley, Head of Resource Management

Outcome: Housing Revenue Account becomes self-financing from April 2012

Outputs: Return of base stock data to CLG
Financial modelling and identification of funding requirement
Alignment with the Treasury Business Plan

Value for Money and Partnership

Project lead: Amanda Johnson, Head of Partnerships and Performance

Outcome: Demonstrate efficiencies in TMO and Clientside services through partnership working

Outputs: Delivery of savings identified by the Housing Stock Finance and Development programme
Identification of further savings achieved through partnership working
Reviewing and updating the Service Level Agreements
Introduction of Incentivisation from April 2012
Benchmarking TMO performance

3.4 Modular Management Agreement (MMA)

3.4.1 The management agreement between the TMO and the Council was last updated in March 2006 when the existing agreement was converted in to a Modular Management Agreement. Since 2006 there have been a number of changes to the terms and the policies and procedures needed to be updated to reflect working practice. The review started in December 2010 and is now at the stage where the changes have been identified and need to be incorporated in to a revised agreement.

The major changes are:

- The allocation of properties is now undertaken by the Council and references to the TMO's involvement need to be changed
- Incorporation of the Asset Management programme
- The addition of an agreement setting out the relationship between the TMO and the EMB
- Revision of the schedules in Volume 2 to show the current policies and procedures used by the TMO, including the Service Level Agreements it has with different departments of the Council.

3.4.2 In reviewing the MMA there is cross over with the Business Change Project. It is expected that the review of the Service Level Agreements will contribute towards further efficiencies and improved partnership working which is at the centre of the VFM and Partnership workstream.

3.4.3 The review of the MMA will be discussed with Residents Associations at the forthcoming Tenants' Consultative Committee in July. The review will be subject to a Key Decision Report to be available in September.

3.5 Key areas from the TMO Business Plan 2009-2014

Resident Engagement – as the TMO's new framework embeds and the tenant scrutiny role (see 3.6 below) develops there is likely to be more joint working on engagement between the Council and the TMO because of regeneration initiatives, worklessness and self-financing.

Satisfaction - These indicators are a preferred measure of performance for residents and councillors and they are now

reported to the TMO Board, to Members through the Annual Review and in the Annual Report to Tenants. Higher targets are being set that build on the work already achieved and they become a key tool in reporting to tenants.

Income Generation – This priority ties in with the Council's Business Change Project and is important given the new self-financing regime that will be introduced from April 2012

Governance – Monitoring delivery of the governance improvement plan

3.6 Tenant Regulation

3.6.1 Regulation of the social housing sector has already seen a dramatic change with the end of the Housing Corporation and the subsequent taking over of the role by the Tenants Service Authority (TSA) in April 2011. The TSA introduced a requirement for social housing provider to publish an Annual Report for Tenants, which covered six core standards for housing management and local offers that it would deliver.

- Tenant Involvement – which includes complaints and customer service
- Home – the quality of the homes and the repairs and maintenance service received
- Tenancy – allocating homes
- Neighbourhood and Community – looking after communal areas and dealing with issues from the community such as antisocial behaviour (ASB)
- Value for money
- Governance and financial viability – this does not apply to local authorities only housing associations

3.6.2 In 2013 the TSA will be abolished and responsibility will go to the Homes and Communities Agency (HCA). Under the Localism Bill the regulatory framework established by the TSA will remain but there will be more emphasis on consumer regulation by holding the landlord to account. The proposal is that tenant panels will be set up to deal with routine problems, with an enhanced role for councillors, MPs and tenant representatives. Where there are serious failings against the core housing management standards the HCA will maintain the right to commission inspections.

3.6.3 The TMO has already started strengthening its resident engagement framework in order to deliver on the Annual Report for Tenants. It held a resident engagement conference in February, which discussed service standards and the local offer. Joint working

between the Council and the TMO will build on this work in order to prepare for the introduction of tenant panels.

3.7 Silchester Estate and Regeneration

- 3.7.1 The development of the Silchester Garages site is the first such scheme on a Council estate in the Royal Borough in many years. The need to deliver a scheme alongside the homes of existing residents, potentially requiring decanting of some residents, requires close co-operation between all parties. This is an opportunity for the TMO to demonstrate skills around resident liaison and project team work, both getting the best out of the development for the estate and its residents, as well as to explore the potential for expanding their business into management of aspects of the new development on behalf of the new landlord there.
- 3.7.2 Further housing development work on HRA estates has the potential to develop the TMO's portfolio still further, and to expand the overall stock of housing in its management to the benefit of the borough's residents.

3.8 Health and Safety

- 3.8.1 There have been a number of health and safety issues in the social housing sector that have arisen during this year; these include window safety, fire safety and cleanliness at supported housing schemes. We will be working closely with the TMO to resolve issues on window cleaning at the Silchester Road estate, responsibilities for cleaning at Burgess Field and updating the progress on fire risk assessments reported to the Scrutiny Committee in January 2011.

3.9 Greener Housing

- 3.9.1 Central government is promoting the use of Greener Housing through the Energy Bill currently going through Parliament. The Council has been looking at the Green Deal opportunities; using savings from energy bills to pay for energy efficiency improvements. A Greener Housing Group is meeting, which includes officers from the TMO, with a remit to look at the use of new technologies, funding and opportunities to improve the energy efficiency of the Council stock. Greener housing is also a regular agenda item at the Asset Management and Capital Programme group to ensure there is a co-ordinated approach particularly where there are new investment opportunities such as the use of solar power or to improve the fabric of the stock.

3.10 Worklessness Agenda

- 3.10.1 The worklessness agenda is an area of work already being undertaken by the Regeneration team within the Policy and Partnerships Unit. With such a large proportion of workless residents being social housing tenants it is necessary to start looking at the links between delivering housing and employment services. A project will be undertaken in the coming year to look at how the Housing Department and the TMO can become involved in this initiative and deliver on a shared plan.

4. Conclusion

- 4.1 This year will be another year of change for social housing. There are new agendas emerging such as tenant led regulation, worklessness and greener housing. The TMO is well placed to deliver the priorities with and on behalf of the Council. As a result of the Business Change Project there will be continued joint working on self financing, regeneration, finding further efficiencies and savings and income generation. All these areas of work align with the TMO's priorities detailed in its business plan. As the reviews of the MMAs are completed for both the TMO and the Lancaster West Estate Management board the agreements will reflect actual working practice and strengthen the performance monitoring arrangements.

TMO PI Table – 2011-12

Appendix B

PI Ref	Title	Good is?	Vital Sign	Outturn figure 2009-10	Target 2010-11	Outturn figure 2010-11	Upper Quartile bench mark	Trend	Target met	Target 11-12	Target 12-13	Commentary
NI 158	% non-decent council homes	Low	Y	1%	0.0%	3%	2.7%	↑	☹	1%	1%	
H4	Local authority tenants' satisfaction with landlord services.	High	N		72.0%	74%		↑	😊	75%	77%	NI deleted – now and local PI
L 4101	Energy efficiency of housing stock	High	N	71	75	66.4	77	↑	☹	69	70	
L 4103	Rent collection and arrears recovery: rent collected	High	Y	96.6%	97.7%	97.4%	98.49%	↑	😊	97.6%	97.8%	
L 4104	Rent collection and arrears recovery: seven weeks arrears	Low	N	7.71%	7.00%	6.2%	5.3%	↓	😊	6.6%	6.3%	
L 4108	Average time to re-let local authority housing (days)	Low	Y	33	28	26.7	25	↓	😊	24	22	
L 4123	Proportion of approved housing capital investment programme spent	High	N	95.02%	100%	83%		↓	☹	100%	100%	
H2	Repairs – First Time Right	High	Y							90%	92%	NEW
L 4124	Percentage of urgent repairs completed within Government time limits	High	Y	97.6%	97.0%	91.7%	96.8%	↓	☹	Deleted		
L 4125	Commission for racial equality's code of practice in rented housing [Previously BV164]	NA	N	Yes	Yes	Yes			😊	Deleted		
L 4146	Collection rates - Leaseholder Service charges	High	N	112.80%	110.20 %	112.1%		↔	😊	105%	105%	
L 4147	Collection rates - Leaseholder Major Works	High	N	136.80%	223.30 %	294.4%		↑	😊	165%	165%	
L 4148	Arrears collection - Leaseholder Service Charges	High	N	382,998	324,000	381,994		↔	😊	191,000	191,000	
L 4149	Arrears collection - Leaseholder Major Works	High	N	604,609	947,000	1,281,825		↑	😊	693,000	693,000	

Agenda Item 5

KENSINGTON & CHELSEA TENANT MANAGEMENT ORGANISATION

BOARD MEETING 28th JULY 2011

Report by the **Director of Financial Services**

1. Background

- 1.1 The Financial **S**tatements for the year ended 31st March 2011 are attached together with the Final Audit Finding Report for consideration by the Board. I will be making a presentation on the statements at the Board Meeting.
- 1.2 The Finance and Audit Committee considered the Financial **S**tatements and Final Audit Findings Report on 14th July 2011 with the Internal and **E**xternal Auditors in attendance to present their reports.
- 1.3 The recommendation of the Finance and Audit Committee is set out in section 4 of this report.

2. Accounts Preparation

- 2.1 I confirm that the accounts have been prepared in accordance with:
 - UK **G**enerally Accepted Accounting **P**inciples
 - Requirements of the Companies Act 2006
 - Historical Cost Convention
 - **G**oing Concern
- 2.2 The financial statements have been prepared using accounting policies consistently applied with prior years. The main policies are set out on page 10 of the financial statements and relate to:
 - Accounting Convention
 - **G**oing Concern
 - Tangible fixed assets and depreciation
 - Leased assets
 - Retirement benefits
 - Turnover and over operating income
 - Deferred taxation
- 2.3 The lease for the digital tv contract is not a charge on the accounts for 2010/11. However, the procurement costs and the in-house installation manager incurred by 31st March 2011, totalling £57k have been carried forward in debtors and will be charged to RBKC over the life of the lease.

- 2.4 The costs and treatment of the Pension Scheme are set out in Directors Report and Note 14 to the accounts and on page 5 of the Final Audit Findings Report. The overall impact of £3,498k on the Profit and Loss account and £9,944k in the Statement of Recognised Gains and Losses dwarfs all other figures in these accounts. The overall reduction in the liability is £13,442k.

The Auditors have requested that the letter of representation includes confirmation that the FRS17 assumptions are reasonable. The two assumptions that appear out of line with other ALMO's are:

- Expected return on equities
- Life expectancy

Expected return on Equities

The expected return of 6.4% is 1.1% below that used by a number of ALMO and 2% below that of the outlier. The previous actuary previously assumed a gap of 2% for equities over the bond rate, which also assumed to be all gilts. This 2% gap over gilts has been continued by the current actuaries. This is a conservative policy but consistent with prior years. A revision to the assumption would make no difference to this year's figures but could reduce the charge in future. However changes to the FRS17 recently announced means that these assumptions will be passed out in the next couple of years.

Life Expectancy

The life expectancy rates used in the 2010 valuation are 2/3 years lower than other ALMO. The Actuaries undertook additional detailed analysis work on the mortality of the Fund's pensioners and concluded that previous tables had over estimated the longevity and amended the assumptions accordingly. The assumptions show a relatively small reduction in male life expectancy and a small increase in female life expectancy as compared to the previous year. The actuary is satisfied that these assumptions are valid based on the actual cohort of fund members.

The assumptions were considered by the Committee and, following discussion with the External Auditors, it was considered that the assumptions were cautious and reasonable.

3 Assurance

- 3.1 The following assurance was considered by the Committee:

- Business Plan and Corporate Risk Maps
- Internal Audit reports relating to the TMO accounts:
- External Audit Findings report
- Letter of Representation from Executive Team
- Letter of Statement of disclosure from Board members
- Letter of Support from RBKC

3.2 Business Plan and Corporate Risk Maps

The Business Plan, including Corporate risk Maps has been considered and approved by the Board, Board meetings and at a Board Away day. Risk maps have been prepared for each department and followed through into Service Plans and the Business Plan.

3.3 Internal Audit Reports

The following reports relating to the TMO transaction reported in these accounts:

Report	Assurance	Risk
Managed Accounting Systems	Satisfactory	Medium
Company accounting system	Substantial	Medium
Corporate Governance	Satisfactory	Medium
Business Continuity	Satisfactory	Medium
Community Alarm Service	Satisfactory	Medium
ICT Strategy and Disaster Recovery	Limited	Medium

3.4 External Audit Findings Report

There were no significant findings reported by the External Auditors. The Final Audit Findings Report is attached.

3.5 Letter of Representation from the Executive Team

This letter will be signed by the Chief Executive and Director of Financial Services and will mirror the representation letter required from the Board. A draft is included in Appendix A of the Audit Findings Report. The final letter will be signed by the Executive in the week commencing 25th July.

3.6 Letter of Statement of disclosure from Board members

This letter follows on from the letters signed by Board Members last year. The letter, including the explanatory note has been sent to Board Members by the Company Secretary. The Committee has recommended that all Board Members sign the statement.

3.7 Letter of Support from RBKC

The draft of the letter is included as Appendix C of the Audit Findings Report. RBKC have been asked to sign the letter in the week commencing 25th July.

4 Recommendations

4.1 The Finance and Audit Committee recommends to the Board that:

- The Letter of Representation is approved and signed
- The Financial Statements for the Year ended 31st march 2011 are approved and signed subject to the receipt the following signed letters:
 - Letter of Representation signed by the Executive Team
 - Letter of Support from RBKC
 - Letters from Board Members on Statement of Disclosures..

Anthony Parkes
Director of Financial Services
22/07/11

**The Royal Borough of Kensington and Chelsea
Tenant Management Organisation Limited**

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2011

The Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited

ADMINISTRATIVE INFORMATION

The current directors, senior managers and company secretary are listed below and changes to those who served during the period since 31 March 2010 are set out in the Report of the Directors.

BOARD OF DIRECTORS

All board directors of the company are statutory directors who hold non-executive roles.

Mr R Kerr-Bell – Chair	Resident Board Member
Mrs S Collet	Resident Board Member
Mrs F Edwards - Vice Chair	Resident Board Member
Mrs C Green	Resident Board Member
Ms K Harris - Vice Chair	Resident Board Member
Mr I Smith	Resident Board Member
Mr R Turner	Resident Board Member
Mr A Ward	Resident Board Member
Councillor M Condon-Simmonds	Council Appointee
Councillor E Dent Coad	Council Appointee
Mr P Molyneux	Council Appointee
Mr J Zitron	Council Appointee
Mr P Chapman	Independent
Mr J Dee	Independent
Mr A Preiskel	Independent

SENIOR MANAGEMENT

Mr R Black	Chief Executive
Mr A Parkes FCA	Director of Financial Services
Ms S Jevans MCIH	Director of Customer Services
Ms L Pemberton	Director of People and Organisational Development

COMPANY SECRETARY

Angela Bosnjak-Szekeres

REGISTERED OFFICE	AUDITOR	BANKERS	SOLICITORS
Network Hub 292a Kensal Road London W10 5BE	Baker Tilly UK Audit LLP 1st Floor, 46 Clarendon Road Watford WD17 1JJ	Lloyds Bank P.O. Box 17328 11-15 Monument Street London EC3V 9JA	Winckworth Sherwood Minerva House 5 Montague Close London SE1 9BB

The Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited

REPORT OF THE DIRECTORS

Year ended 31 March 2011

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PRINCIPAL ACTIVITIES

The company's principal activity during 2010/11 was the management and maintenance of the housing stock of the Royal Borough of Kensington and Chelsea (RBKC) and the provision of specialist technical consultancy and community alarm services.

This is the company's 15th year of trading having taken over the management of the homes of tenants and leaseholders from the RBKC on 1 April 1996.

REVIEW OF THE BUSINESS

The Kensington and Chelsea Tenant Management Organisation (KCTMO) is a 'not for profit' company owned by its members, who are residents of RBKC's housing stock.

2010/11 saw the completion of recruitment to the Executive and Senior Management team with the commencement of Sacha Jevans, Director of Customer Services, Yvonne Birch, Head of Strategy and Engagement, Angela Bosnjak-Szekeres, Company Secretary, Andy Marshall Assistant Director, Partnering, and Ajoke Bada Assistant Director, Customer Services Centre. These appointments have been key in delivering the Business Plan and improving the overall performance of the Company.

Throughout the year the focus of the organisation has been on delivering the Business Plan for 2010/11 and we have made good progress on completion of the key objectives. Two key areas have been to ensure the viability of the company by addressing the budget deficits of the last two years and to work with RBKC to ensure the Housing Revenue Account (HRA) did not go into deficit in 2012/13. Both of these objectives had been achieved by the end of the business year.

The Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited

REPORT OF THE DIRECTORS

Year ended 31 March 2011

The budget deficit of KCTMO has been overcome by negotiating an inflation increase (1.5%) in our Management Fee and continuing to reduce costs through the office move and restructuring of departments. This has resulted at year end in a surplus for the Company of £100k before tax and pension adjustments. Our work with RBKC on the Housing Stock Finance and Development Project is now complete and has helped improve the financial position of the HRA, pushing the deficit out from 2012/13 to 2020/21. This has positioned both RBKC and KCTMO well for the HRA offer and self financing, which should be in place by April 2012.

KCTMO year end Performance and Key Performance Report (Key Performance Indicators (KPI's)) shows considerable and ongoing improvement with some very good results in a number of areas. There has been a significant improvement on re-let time from 33 days to 26.7 which has increased net rental income for the HRA by approximately £250k. Rent collection and arrears recovery performance have also improved on the previous year. This has led to a reduction in rent debt of £410k, Home Ownership service charge debt of £140k and major works debt of £1,540k. Overall this has contributed to improving the HRA revenue as RBKC has been able to reduce its bad debt reserve by over £600k. In terms of the Repairs service, managing and improving Morrison's performance has been challenging but we have seen a positive direction of travel and savings in this contract of around £300,000. In terms of Health and Safety, Gas Servicing has improved on the previous year with properties without a valid CP12 certificates down from 36 to 5 and further reduced to 1 in April 2011. We have also seen very good partnership working between RBKC, the Fire Brigade and KCTMO to ensure we are addressing risks identified through our fire safety assessments.

In improving customer access, the Customer Service Centre have reported a significant improvement in the last few months with calls lost dropping from about 20% to 5.1%, and 3.9% in February and March respectively. This improvement has been maintained in the first quarter of 2011/12. Average waiting time has also reduced to 19 and 21 seconds respectively in the same period, and is continuing to improve in April (at 19 seconds) from a high average of 74 seconds during the earlier part of 2011/12. Our expectation is that this reducing trend will continue. Our new office in the north of the borough had over 7,000 people visitors during 2011/12 and we are investing in a similar facility in the south of the Borough, which will be open later this business year.

The Resident Engagement Team restructure was completed in December 2010, and all posts filled. Following the agreement of a new resident Engagement Strategy by Board in May 2010, a Resident Engagement Panel was set up to oversee the delivery. We produced the Report to Residents in September 2010 and the Local Offer report was produced in March 2011. We also held a Residents' Conference in February 2011 and are using Tenant Participation tracker to monitor involvement of our residents and impact. KCTMO have rejoined Tenant Participation Advisory Service (TPAS) and capacity building training has been completed. The Company is rolling out its 'Get on Board' strategy which will include 16 road shows over the next 12 months to raise our profile and to promote the ways in which residents can get involved, and to encourage resident's involvement. We also aim to use these road shows to increase the membership of the Company.

This builds on our 'TMO in Touch' exercise, which was a major resident engagement activity that took place during the year. Through this we knocked on almost 10,000 doors and now have 2200 completed questionnaires, a 20% sample size, with over 800 being submitted by post and the rest completed face to face. Over 120 staff took part in this activity, which also helped some of our back office staff to understand some of the issues faced by our residents. We are now analysing this data to present to the Board in July 2011. The initial outcomes of the exercise put overall satisfaction levels with our service at 77 %. This process has also helped increase our Equality & Diversity data.

We had 17 Internal Audits conducted resulting in two substantial, eleven satisfactory, three limited assurance ratings and one audit in draft at the end of the year. All issues within the limited assurance audits are being addressed in 2011/12 with the expectation that we will see a clear improvement in the follow-up audits.

In terms of regulation and compliance RBKC is both our Landlord and Regulator and we have in place a framework for formalising the monitoring and reporting of the KCTMO's performance. This is covered in the Annual Review which looks back over the previous year and sets expectations for the forthcoming year. This report is agreed with the Cabinet Member for Housing and the Chairman of the KCTMO's Board.

The Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited

REPORT OF THE DIRECTORS

Year ended 31 March 2011

The report for 2010/11 confirms that it has been a positive year for the Company both in terms of performance but also in relation to partnership working with RBKC to address some of the longer term strategic and financial issues that we face as well as the conclusion of the Housing Stock Finance and Development Project, compliance with the Modular Management Agreement (MMA), completing the Local Offer and the Annual Report to Tenants, and good and improving results in our key indicators and audits. RBKC believes this evidence will ensure that shared priorities will be delivered. RBKC also believe the KCTMO is well placed to address the new agendas which are emerging on behalf of the Council and its Residents.

In the year under review there was an operating profit of £4,273k compared £191k in the previous year. The jump in operating profit is largely the result of the FRS 17 valuation of the pension scheme and the changes made by the Government in moving from RPI to CPI in calculating the future pension scheme liabilities. This has reduced the net pension liabilities from £19.4m at 31st March 2010 to £5.9m at 31st March 2011. This has been shown in the accounts as follows:

	£k
Profit and Loss Account	3,498
Statement of Total Recognised Gains and Losses	9,944
Reduction in liability	<u>13,442</u>

The valuation as at 31st March 2010 also resulted in the reduction of the employer's contribution by 1% to 22.5% for the years 2012 to 2015. Further reductions may be expected for the future with Government entering into discussions over the split between employer and employee contributions and the potential move away from Final Salaries to the Career Average Earnings for future years.

The base Management Fee received from the Council amounted to £10,509k as compared to £10,336k for 2009/10. This represents an inflation increase of 1.5%. The major financial risk for the organisation is centred around its reliance for over 90% of its income on the management fee from RBKC and the continuation of the management agreement. Any substantial reduction in this fee would necessitate significant cost reductions.

BOARD MEMBERS

The current Board Members, who are the legal Directors of the Company, are listed on page 1 of the accounts.

The Board can consist of up to 15 Board Members, consisting of eight elected Resident Board Members, four Council appointees and three people independent of residents or the Council who are appointed by the Board. All Resident Board Members are elected by Members across the Borough. Under TMO's constitution, Resident Board Members and Independent Board Members can serve a maximum of three years before re-election or re-appointment with a maximum overall length of service of nine years. There were 15 Board Members on the Board at the end of the year.

The following Board Members have been appointed or left office since the start of the year:

Resident Board Members

Mr R Kerr-Bell	Re-elected	04/03/2011
Mr I Smith	Re-elected	04/03/2011

Council Appointees

Ms R Nicholson	Resigned	31/03/2011
Mr P Molyneux	Appointed	31/03/2011

Independent Appointees

Mr A Preiskel	Appointed	01/01/2011
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The Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited

REPORT OF THE DIRECTORS

Year ended 31 March 2011

Senior Management

Mr K Holloway MA FIH	Interim Director of Customer Services and Performance	Resigned	30/04/2010
Mr R Thompson	Interim Director of Asset Investment and Engineering	Resigned	13/05/2010
Ms S Jevans MCIH	Director of Customer Services	Appointed	16/04/2010
Ms Catherine Hardy-Smith	Company Secretary	Appointed	26/07/2010
Ms Catherine Hardy-Smith	Company Secretary	Resigned	25/02/2011
Ms Angela Bosnjak-Szekeres	Company Secretary & Governance Manager	Appointed	01/03/2011

CHARITABLE DONATIONS

The TMO made no charitable donations during the year (2010: £nil).

AUDITOR

Baker Tilly UK Audit LLP has indicated its willingness to be reappointed at the Annual General Meeting.

EVENTS SINCE THE BALANCE SHEET DATE

There have been no events, which have occurred since the balance sheet date that could have a material effect on the accounts of the company.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors in office on the date of approval of this report have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

CONSTITUTION

The company is limited by guarantee and is governed by its memorandum and articles of association. The guarantors are listed in the company's Register of Members. The liability in respect of the guarantee as set out in the memorandum of association is limited to £1 per member of the company.

This report was approved by the board on 28th July 2011.

Angela Bosnjak-Szekeres
Company Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROYAL BOROUGH OF KENSINGTON
AND CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED

We have audited the financial statements on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Glyn Francies (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

First Floor, 46 Clarendon Road

Watford, Herts, WD17 1JJ

Date:

The Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited

PROFIT AND LOSS ACCOUNT

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 March 2011

PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	2011 £	2010 £
TURNOVER	1	11,406,166	11,770,035
Administrative expenses before exceptional item	2	(12,696,275)	(12,410,743)
Exceptional item	2	4,498,000	-
Total administrative expenses after exceptional item		(8,198,275)	(12,410,743)
Other operating income		1,065,107	832,113
OPERATING PROFIT	2	4,272,998	191,405
Interest receivable		4,926	19,892
Other finance charges	4	(679,000)	(690,000)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		3,598,924	(478,704)
Taxation on profit on ordinary activities	5	(40,322)	436,939
PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT FOR THE YEAR	10	<u>3,558,602</u>	<u>(41,765)</u>

The operating profit for the year arises from the Company's continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	<i>Notes</i>	2011 £	2010 £
PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	10	<u>3,558,602</u>	<u>(41,765)</u>
OTHER RECOGNISED GAINS AND LOSSES			
Actuarial gains / (losses) on the defined benefit pension scheme	14	9,944,000	(10,113,000)
		<u>9,944,000</u>	<u>(10,113,000)</u>
TOTAL RECOGNISED GAINS / (LOSSES) FOR THE FINANCIAL YEAR		<u>13,502,602</u>	<u>(10,154,765)</u>

The Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited

BALANCE SHEET

As at 31 March 2011

Company Registration Number: 3048135

		2011	2010
	Notes	£	£
FIXED ASSETS			
Tangible assets	6	1,403,093	1,062,057
CURRENT ASSETS			
Debtors	7	761,146	1,025,067
Cash at bank and in hand		<u>1,285,950</u>	<u>1,353,449</u>
		2,047,097	2,378,516
CREDITORS: amounts falling due within one year	8	<u>(1,203,385)</u>	<u>(1,254,371)</u>
NET CURRENT ASSETS		843,712	1,124,145
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,246,804</u>	<u>2,186,202</u>
NET ASSETS BEFORE DEFINED BENEFIT PENSION SCHEME LIABILITY		<u>2,246,804</u>	<u>2,186,202</u>
Defined benefit pension scheme liability	14	(5,938,298)	(19,380,298)
TOTAL NET LIABILITIES, INCLUDING DEFINED BENEFIT PENSION SCHEME DEFICIT		<u>(3,691,494)</u>	<u>(17,194,096)</u>
CAPITAL AND RESERVES			
Profit and loss account excluding pension scheme liability	10	2,246,804	2,186,202
Pension Reserve	10	<u>(5,938,298)</u>	<u>(19,380,298)</u>
Members' funds	10	<u>(3,691,494)</u>	<u>(17,194,096)</u>

As disclosed in note 9, members derive no financial interest from their shareholding and accordingly all reserves are classed as non-equity.

The financial statements on pages 7 to 18 were approved and authorised for issue by the board on 28th July 2011 and signed on its behalf by:

Mr R Kerr-Bell
Chair

Mrs S Collet
Chair of Finance and Audit Committee

**The Royal Borough of Kensington and Chelsea Tenant Management
Organisation Limited**
CASH FLOW STATEMENT
For the year ended 31 March 2011

	<i>Notes</i>	2011 £	2010 £
Net cash inflow / (outflow) from operating activities		619,895	(641,067)
Returns on investments and servicing of finance - interest received		4,926	19,892
Taxation (paid) / refund		(43,956)	447,493
Capital expenditure - payments to acquire fixed assets		(648,364)	(787,638)
		<u> </u>	<u> </u>
Decrease in cash		<u>(67,499)</u>	<u>(961,320)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Decrease in cash in the period		(67,499)	(961,320)
		<u> </u>	<u> </u>
Change in net funds	11	(67,499)	(961,320)
Net funds at 1 April 2010	11	1,353,449	2,314,769
		<u> </u>	<u> </u>
Net funds at 31 March 2011	11	<u>1,285,950</u>	<u>1,353,449</u>
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES			
		2011 £	2010 £
Operating profit		4,272,998	191,405
Depreciation		307,328	370,416
Decrease / (increase) in debtors		263,921	(334,238)
(Decrease) in creditors		(47,352)	(235,532)
Difference between pension charge to operating costs and pension contributions paid		321,000	(633,119)
Past Service gain (exceptional item)		(4,498,000)	-
		<u> </u>	<u> </u>
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES		<u>619,895</u>	<u>(641,068)</u>

The Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited

ACCOUNTING POLICIES

For the year ended 31 March 2011

ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards. The accounting policies adopted are consistent with those of prior years.

GOING CONCERN

The accounts have been prepared on the going concern basis. The organisation has profit and loss account reserves of £2,246K and is budgeted to breakeven for the coming year before adjustment for FRS17. The cash at bank is in excess of £1.2M and there are no loans. The RBKC have confirmed the continuation of the management agreement.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less associated depreciation. Depreciation is provided on all such assets on a straight-line basis for each class of asset evenly over its expected useful economic life as follows:

Offices fit out	Lower of lease term or 10 years
Office furniture	20%
Computer and office equipment	33%
Electronic data management system	20%

LEASED ASSETS

The annual rentals in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

RETIREMENT BENEFITS

For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs. Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Total Recognised Gains and Losses.

Defined benefit schemes are funded, with the assets held separately from the company in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the company has a legal or constructive obligation to settle the liability.

TURNOVER AND OTHER OPERATING INCOME

Turnover and other operating income is credited to the profit and loss account when the service has been provided.

DEFERRED TAXATION

Deferred tax liabilities are recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are only recognised if it is considered that there is a reasonable expectation that they will be recoverable in the foreseeable future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

The Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

1 TURNOVER

Turnover represents the value, net of Value Added Tax of goods and services provided to third parties.

2	OPERATING PROFIT	2011 £	2010 £
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This is stated after charging / (crediting):

Past Service Credits (Exceptional Item - see note 3)	(4,498,000)	-
Depreciation	307,328	370,416
Payments in respect of operating leases - land and buildings	606,671	560,201
Auditors' remuneration - for statutory audit (10-11)	21,332	19,750
- for other services	3,500	6,000
	<u>3,500</u>	<u>6,000</u>

3	STAFF COSTS	2011 £	2010 £
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Wages and salaries	5,420,599	5,168,739
Social security costs	456,473	420,755
Other pension costs	(3,172,000)	475,000

<u>2,705,072</u>	<u>6,064,494</u>
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Agency Staff Costs	<u>1,467,095</u>	<u>2,227,170</u>
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Pension costs are analysed as follows:

Current service cost	1,326,000	475,000
Past service cost/(credit)	(4,498,000)	-
	<u>(3,172,000)</u>	<u>475,000</u>

The past service credit results from the replacement of Retail Price Index (RPI) with Consumer Price Index (CPI) for the uprating of public service pensions following the UK budget statement on 22nd June 2010. As this change is considered to be a change in rules rather than a change in assumptions the gain has been recognised in the profit and loss account.

	2011 No.	2010 No.
Average number of FTE employees during the year:		
Housing	70	68
Technical services	49	46
Support services	42	47
	<u>161</u>	<u>161</u>
Total		
	<u>161</u>	<u>161</u>
Average number of FTE agency staff during the year:	<u>32</u>	<u>45</u>

The Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

4	OTHER FINANCE CHARGE	2011 £	2010 £
	Interest on defined benefit pension scheme liabilities	(2,328,000)	(1,927,000)
	Expected return on defined benefit pension scheme assets	<u>1,649,000</u>	<u>1,237,000</u>
		<u>(679,000)</u>	<u>(690,000)</u>
5	TAXATION ON PROFIT ON ORDINARY ACTIVITIES	2011 £	2010 £
	DIRECT TAX		
	UK corporation tax on profit for the year	40,322	43,956
	Adjustment in respect of prior years	<u>-</u>	<u>(480,895)</u>
		<u>40,322</u>	<u>(436,939)</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR:

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

Profit/(loss) on ordinary activities before tax	<u>3,598,924</u>	<u>(478,704)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 21%	755,774	(100,528)
Effects of:		
Adjustment for non trading activities	(715,452)	144,484
Adjustment in respect of prior years	<u>-</u>	<u>(480,895)</u>
Corporation Tax charge / (credit) for year	<u>40,322</u>	<u>(436,939)</u>

FACTORS AFFECTING FUTURE TAX CHARGES

Other Arms Length Management Organisations which have their respective Local Authorities as their sole member are not taxed on transactions with the company's member. Whilst the Royal Borough of Kensington and Chelsea is not a member of the company, transactions with it are considered to be non-trading and not taxable. Prior years' tax returns were re-submitted in respect of the five years ended 31 March 2008 to reflect the non-trading transactions with the Local Authority and a refund of overpaid tax for these earlier years was received from HMRC. Transactions with non-members and other third parties continue to be subject to corporation tax as these activities are considered to be taxable activities.

There is no deferred tax asset provided in respect of the deferred tax asset arising on the pension scheme deficit as it is not regarded as recoverable as it is unlikely that there will be suitable taxable profits arising from transactions with non-members and third parties from which the future reversal of the timing difference can be deducted.

The company is currently taxable at a rate of 21%. The tax rate applicable to companies in the United Kingdom is, to an extent, dependent on their taxable profits and any increase in the taxable profits will result in an increase in the applicable tax rate.

The Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

6	TANGIBLE FIXED ASSETS	Office Furniture & Fit Out	Computer Equipment	Electronic Data Management System	Total
	COST				
	At 1st April 2010	1,448,604	1,645,758	-	3,094,362
	Additions	287,102	196,090	165,171	648,363
	Disposals	(615,759)	(858,259)	-	(1,474,018)
	At 31st March 2011	<u>1,119,947</u>	<u>983,589</u>	<u>165,171</u>	<u>2,268,707</u>

	ACCUMULATED DEPRECIATION				Total
	At 1st April 2010	688,114	1,344,191	-	2,032,305
	Charge for the year	112,285	185,440	9,603	307,328
	Disposals	(615,759)	(858,259)	-	(1,474,018)
	At 31st March 2011	<u>184,640</u>	<u>671,372</u>	<u>9,603</u>	<u>865,615</u>

	NET BOOK VALUE				Total
	At 31 March 2011	<u>935,307</u>	<u>312,217</u>	<u>155,569</u>	<u>1,403,093</u>
	At 31 March 2010	<u>760,490</u>	<u>301,567</u>	<u>-</u>	<u>1,062,057</u>

7	DEBTORS	2011	2010
		£	£
	Amounts falling due within one year		
	Trade debtors	190,203	313,941
	Other debtors	61,018	157,109
	Prepayments and accrued income	<u>509,925</u>	<u>554,017</u>
		<u>761,146</u>	<u>1,025,067</u>

8	CREDITORS: amounts falling due within one year	2011	2010
		£	£
	Trade creditors	281,931	296,304
	Corporation tax	40,322	43,956
	Other taxes and social security	188,150	23,943
	Other creditors	10,950	8,250
	Accruals and deferred income	<u>682,032</u>	<u>881,917</u>
		<u>1,203,385</u>	<u>1,254,371</u>

9 MEMBERS

The company is limited by guarantee and the liability of members to contribute to any deficiency of assets is £1 per member. The members have no rights to the income or assets of the company.

The Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

10 PROFIT AND LOSS ACCOUNT / MOVEMENT IN MEMBERS' FUNDS

	Profit and loss account excluding pension liability £	Pension reserve £	Total members' funds £
At 1 April 2010	2,186,202	(19,380,298)	(17,194,096)
Retained profit for the year	3,558,602	-	3,558,602
Other recognised gains and losses - actuarial gain / (loss) on pension scheme	-	9,944,000	9,944,000
	<u>5,744,804</u>	<u>(9,436,298)</u>	<u>(3,691,494)</u>
Transfer	(3,498,000)	3,498,000	-
At 31 March 2011	<u>2,246,804</u>	<u>(5,938,298)</u>	<u>(3,691,494)</u>

11 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2010 £	Cash Flows £	Non-cash changes £	As 31 March 2011 £
Cash at bank and in hand	<u>1,353,449</u>	<u>(67,499)</u>	<u>-</u>	<u>1,285,950</u>

12 RELATED PARTIES

The Royal Borough of Kensington and Chelsea (RBKC) is a related party by virtue of the management agreement between the company and the Council and the Council's right to appoint directors to the board of the company. The company's main source of income is a management fee for the management of the RBKC housing stock. This amounted to £10,902,873 (2010: £11,453,864). The amount of £157,597 included in 2010 management fee was deferred to meet the costs in relation to the office move and EDMS to be carried out in 2010-11. The company also purchased services from RBKC in the year totalling £807,731 (2010: £972,165). At the end of the financial year, a net balance of £160,584 was due to the company, including £4507 due to RBKC for the inter-company balance and £165,091 owed to the company for other services to RBKC. (2010: £309,307 was due to company, including £36,544 for the inter-company balance, £274,445 for other services to RBKC and £1,682 for services from RBKC).

In addition to the above, during the year the company had provided services to the Council in respect of the Community Alarm Services for the amount of £233,013 (2010: £191,556).

During the year the company recharged the Council for consultancy and other services for the amount of £898,947 (2010: £768,458).

The eight Resident Board Members have been paid expense allowances totalling £12,409 (2010: £11,809).

The Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

13 LEASE COMMITMENTS

As at 31 March 2011 the company has an annual lease commitment in respect of land and buildings of £513,471 (2010: £600,477); the lease expires within 5 to 10 years (2010: 5 to 10 years).

14 RETIREMENT BENEFITS

The company is an admitted member of the Local Government Superannuation scheme, a funded defined benefit scheme. Employees are eligible to join the Local Government Superannuation scheme subject to certain qualifying criteria.

The contribution rates are those recommended by the Fund's actuary based on the tri-annual actuarial valuations as at 31 March 2010 (Barnett Waddingham) and were set on the basis of:

- a) The relationship between the assessed value of assets and the accrued value of liabilities of pensionable service to 31 March 2010;
- b) The level of contribution needed to meet the cost of the year by year accrued benefits in the future; and
- c) The change in terms of contracting out of SERFS.

The date of the last valuation was 31 March 2010. The market value of the scheme's assets at 31 March 2010 was £463 million. The actuarial valuation, done using the projected unit method was based on economic and statistical assumptions, the main ones being:

- i. The rate of accumulation of income and capital on new investments over the long term and the increase from time to time of income from existing investments;
- ii. Future rises in pensionable pay due to inflation etc, and pension increases;
- iii. Withdrawals from membership due to mortality, ill health and ordinary retirement; and
- iv. Progression of pensionable pay due to promotion.

As a result of the 31 March 2010 valuation, the level of employer's contribution funding was set at 22.5% of pensionable salaries for the years ending 31 March 2012, 31 March 2013 and 31 March 2014. Future contribution rates will be dependent on the results of actuarial valuations.

The pension contributions are calculated by the TMO on the basis of each monthly payroll and paid into the fund monthly.

These assumptions are set with reference to market conditions at 31 March 2011. The discount rate is the yield on the iBoxx AA rated over 15 year corporate bond index as at this date which has been chosen to meet the requirements of FRS17. The RPI increase assumption is set on the difference between conventional gilt yields and index linked gilt yields at the accounting date using data published by the Bank of England. This measure has historically overestimated future increases in the RPI and so a deduction of 0.25% has been made to get the RPI assumption of 3.5%. As future pension increases are expected to be based on CPI rather than RPI, a further assumption has been made about CPI which is that it will be 0.8% below RPI i.e. 2.7%.

Salary increases are then assumed to be 1.5% above RPI in addition to a promotional scale but an assumption has also been made that there is a pay freeze for all members earning over £21,000 per annum until 31 March 2012.

The Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

14 RETIREMENT BENEFITS (continued)

The actuary has produced a valuation as at 31 March 2011 for the purposes of FRS17.

The key assumptions are:

ASSUMPTIONS AS AT	31 March 2011	31 March 2010
	% p.a.	% p.a.
Pension Increase Rate	2.7%	3.9%
Salary Increase Rate	5.0%	5.4%
Expected Return on Assets	6.1%	5.9%
Discount Rate	5.5%	5.5%
RPI Inflation Rate	3.5%	3.9%
CPI Inflation Rate	2.7%	
ASSETS	Long Term	Long Term
(EMPLOYER)	% p.a.	% p.a.
Equities	6.4%	6.5%
Gilts	4.4%	4.5%
Other Bonds	5.5%	5.5%
Property	5.4%	5.5%
Cash	3.0%	3.0%

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 April 2010 for the year to 31 March 2011). The return on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The return on equities and property is then assumed to be a margin above gilt yields.

MORTALITY

The post retirement mortality tables adopted were the PA92 series projected to calendar year 2017 for current pensioners and 2033 for non-pensioners.

The assumed life expectations from age 65 are:

	Males	Female
Retiring today	18.9 years	23.0 years
Retiring in 20 years	20.9 years	24.9 years

We have continued to assume that 50% of retiring members will opt to increase their lump sums to the maximum allowed and active members will retire one year later than they are first able to do so without reduction.

SENSITIVITY ANALYSIS

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- 1 year age rating adjustment to the mortality assumption.

Sensitivity Analysis	£000's	£000's	£000's
Adjustment to discount rate	0.10%	0.00%	-0.10%
Present value of defined benefit obligation	36,097	36,895	37,714
Projected service cost	1,035	1,077	1,120
Adjustment to mortality age rating assumption	+1 year	none	-1 year
Present value of defined benefit obligation	35,582	36,895	38,213
Projected service cost	1,029	1,077	1,125

The Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

14 RETIREMENT BENEFITS (continued)

FAIR VALUE OF EMPLOYER'S ASSET

	31 Mar 2011	31 Mar 2010
	£(000)	£(000)
Equities	25,694	19,357
Gilts	3,096	2,581
Properties	1,238	774
Cash	929	3,097
Total	30,957	25,809

BALANCE SHEET

	31 Mar 2011	31 Mar 2010
	£(000)	£(000)
Fair Value of Employer Assets	30,957	25,809
Present Value of Funded Plans	(36,804)	(44,002)
Net (Under) / Overfunding in Funded Plans	(5,847)	(18,193)
Present Value of unfunded liabilities	(91)	(1,187)
Net Asset / (Liability)	(5,938)	(19,380)

RECOGNITION IN THE PROFIT OR LOSS

	31 Mar 2011	31 Mar 2010
	£(000)	£(000)
Current Service Cost	1,326	475
Past Service Cost / (Gain)	(4,498)	-
Losses / (Gains) on Curtailments and Settlements	-	-
Recognised in administrative expenses	(3,172)	475
Interest Cost	2,328	1,927
Expected Return on Employer Assets	(1,649)	(1,237)
Recognised in other finance charges	679	690
Total	(2,493)	1,165
Actual Return on Plan Assets	2,592	6,577

RECONCILIATION OF DEFINED BENEFIT OBLIGATION

	31 Mar 2011	31 Mar 2010
	£(000)	£(000)
Opening Defined Benefit Obligation	45,189	28,034
Current Service Cost	1,326	475
Interest Cost	2,328	1,927
Contribution by Member	287	294
Actuarial Losses / (Gains)	(6,807)	15,452
Past Service Cost / (Gain)	(4,498)	-
Losses / (Gains) on Curtailments and Settlements	-	-
Estimated Unfunded Benefit Paid	(6)	(75)
Estimated Benefit Paid	(924)	(918)
Closing Defined Benefit Obligation	36,895	45,189

The Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

14 RETIREMENT BENEFITS (continued)

RECONCILIATION OF FAIR VALUE OF EMPLOYER ASSETS	31 Mar 2011	31 Mar 2010
	£(000)	£(000)
Opening Fair Value of Scheme assets	25,809	18,823
Expected return on scheme assets	1,649	1,237
Actuarial gain	3,137	5,339
Contributions by employer including unfunded benefits	1,005	1,109
Contributions by Scheme participants	287	294
Estimated benefits paid including unfunded benefits	(930)	(993)
Closing Fair Value of Employer Assets	<u>30,957</u>	<u>25,809</u>

AMOUNTS FOR THE CURRENT AND PREVIOUS ACCOUNTING PERIODS

	31 Mar 2011	31 Mar 2010
	£(000)	£(000)
Fair Value of Employer Assets	30,957	25,809
Present Value of Defined Benefit Obligation	(36,895)	(45,189)
Surplus / (Deficit)	<u>(5,938)</u>	<u>(19,380)</u>
Experienced Gains / (Losses) on Assets	3,137	5,339
Experienced Gains / (Losses) on Liabilities	2,815	265

	31 Mar 2009	31 Mar 2008	31 Mar 2007
	£(000)	£(000)	£(000)
Fair Value of Employer Assets	18,823	22,688	22,555
Present Value of Defined Benefit Obligation	(28,034)	(26,970)	(30,305)
Surplus / (Deficit)	<u>(9,211)</u>	<u>(4,282)</u>	<u>(7,750)</u>
Experienced Gains / (Losses) on Assets	(6,513)	(2,276)	(173)
Experienced Gains / (Losses) on Liabilities	(1,198)	(305)	-

AMOUNT RECOGNISED IN STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (STRGL)

	31 Mar 2011	31 Mar 2010
	£(000)	£(000)
Actuarial Gains / (Losses) recognised in STRGL	9,944	(10,113)
Cumulative Actuarial Gains and Losses	<u>229</u>	<u>(9,715)</u>

	31 Mar 2009	31 Mar 2008	31 Mar 2007
	£(000)	£(000)	£(000)
Actuarial Gains / (Losses) recognised in STRGL	4,792	3,330	2,021
Cumulative Actuarial Gains and Losses	<u>398</u>	<u>5,190</u>	<u>1,890</u>

The employers contribution for the year to 31 March 2011 was 23.5% of pensionable salaries.

The Employer's contributions for the year to 31 March 2012 will be approximately £1,238,000.

**The Royal Borough of Kensington and Chelsea
Tenant Management Organisation Limited
Final Audit Findings Report
Year ended 31 March 2011**

**Presented to the Finance and Audit Committee
by Baker Tilly UK Audit LLP
on 14 July 2011**

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This report has been prepared for the sole use of The Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited and must not be disclosed to any third party, or quoted or referred to, without our written consent. No responsibility is assumed to any other person in respect of this report.

1 Introduction and coverage

This report summarises our key findings in connection with the audit of the financial statements of The Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited (“the company” or “the TMO”) in respect of the year ended 31 March 2011. The Royal Borough of Kensington and Chelsea is referred to as “RBKC” or “the Council”.

The scope of our work has already been communicated to you via our Audit Plan document dated 7 April 2011.

A summary of adjusted misstatements identified during the audits has been prepared and is included in Section 5.

We consider that the audit approach adopted will provide the Directors with the required confidence that a thorough and robust audit has been carried out and can confirm that, at the date of this report, we anticipate no modifications from our pro-forma audit report provided in the Audit Plan previously communicated to you.

2 Qualitative aspects of earnings

The table below sets out the significant one-off items that have affected reported results for the year.

	£'000	
Profit before tax per financial statements	3,598	
Recovery of legal costs from the Council re 2010/11 debt collections	(157)	
Pensions impact : routine	1,000	
Pensions impact : one off post service credit due to change from RPI to CPI (see below)	(4,498)	
	<hr/>	
Revised loss before non-recurring items and pension adjustments	(57)	
	<hr/>	
It should be noted that the FRS 17 valuation of the pension scheme liabilities has resulted in a substantial decrease in the Company's net liabilities from £19.4 million at 31 March 2010 to £5.9 million at 31 March 2011. This has been shown in the accounts as follows:		
Profit and loss account (see above)	3,498	
Statement of Recognised Gains and Losses – actuarial gain	9,944	
	<hr/>	:
Reduction in liability	13,442	
	<hr/>	

3 Audit and accounting issues identified at planning stage

Key area of audit focus	Our approach	Resolution
<p>Accounting for pension costs</p> <p>The company has previously accounted for pension costs in line with Financial Reporting Standard Number 17 (“FRS 17”). The FRS 17 data has historically been obtained from the actuary via the Council. As explained in Section 1 of this report, the Council will be applying IFRS and the requirements of IAS 19, rather than FRS 17, which is the UK GAAP equivalent. Although these standards are similar, there are certain options available to the Council, such as “the Corridor Approach”, which is not permitted under FRS 17. Management has undertaken to ensure that the Council and the actuary are aware of the TMO’s requirements in this important area.</p> <p>Government changes to retirement benefits with the replacement of RPI by CPI triggered a debate within the accounting profession as to how to account for this. As a result the following was issued to provide guidance:</p> <p><i>“ASB issues Abstract 48: Accounting implications of the replacement of the Retail Prices Index with the Consumer Prices Index for Retirement Benefits”.</i></p> <p>In simple terms, it depends on whether the commitment to, or expectation of, the pension scheme members under the Scheme Rules is for an increase by “inflation” (without defining inflation) or whether it specifically refers to RPI.</p> <ul style="list-style-type: none"> • In the former case, the change from RPI to CPI will be treated as a change in actuarial assumptions and reflected via the STRGL. • In the latter case, the liabilities will only be re-calculated when the expectation of the members changes and then it will result in a change of benefits, which will be reflected within the Profit and Loss Account as a negative “past service cost”. 	<ul style="list-style-type: none"> • Obtain and review the instructions provided to the actuary to confirm compliance with the requirements of FRS 17. • Review of the actuary’s report and supporting assumptions and ensure that the pension liability is accounted for in line with FRS 17. • <p>Review the status of these changes as they impact the company’s employees and confirm that the actuary’s report correctly reflects the position of the company and the requirements of Abstract 48.</p>	<ul style="list-style-type: none"> • FRS17 report reviewed as received from the actuary which was prepared in accordance with FRS17 requirements. • The supporting assumptions have been compared to those used by other actuaries. The directors are to confirm in the letter of representation that they consider the assumptions to be reasonable (see Appendix A). The financial statements include appropriate disclosures. • The Pension Scheme Members Guide did state that pensions will be increased in line with RPI. The newsletter published in Autumn 2010 explained that the basis for determining the rate of increase will be determined using CPI from April 2011. The expectation of members will therefore have changed and the one-off credit of £4,498,000 has been correctly included in the profit and loss account for the year ended 31 March 2011. Due to its size it has been disclosed as an exceptional item on the face of the profit and loss account.

Key area of audit focus	Our approach	Resolution
Fixed assets The company has budgeted for significant capital expenditure in 2010/11.	<ul style="list-style-type: none"> • Review treatment of items capitalised and expensed to ensure that the approach is in line with the requirements of FRS 15. • Confirm depreciation charges for such assets are reasonable. 	<ul style="list-style-type: none"> • Treatment of items capitalised was reviewed for compliance with FRS 15. There were no issues noted, except for the treatment of certain costs in respect of the Digital TV arrangements, which had been treated as fixed assets in the first draft financial statements. This item has now been amended (see Section 5 and further comment below). • Depreciation charges were confirmed as reasonable through analytical and proof in total procedures. • It was agreed that fully written down fixed assets with a total original cost of £1.4 million would be treated as a disposal in 2010/11. These assets may not have been disposed of or scrapped and represent old items, which management cannot identify and consider are no longer in use by the company, following the company's recent relocations.
Taxation The company now has mutual trading status for the activities that are carried out with the Council.	<ul style="list-style-type: none"> • Review activities that fall outside the mutual trading exemption and ensure inclusion within the corporation tax provision and disclosure in the financial statements. 	<ul style="list-style-type: none"> • The tax computation was reviewed and the corporation tax provision is appropriately disclosed in the financial statements.

Key area of audit focus	Our approach	Resolution
<p>Leasing arrangements regarding digital TV</p> <p>We understand that the company is intending to enter a lease agreement with a third party in respect of the supply of digital TV to all the homes for which the Council is responsible.</p> <p>This is a complex area and the accounting treatment for the proposed transaction will need particular care.</p> <p>The requirements of several accounting standards need consideration. For example:</p> <ul style="list-style-type: none"> • Should the transaction be treated as an operating lease or a finance lease under SSAP 21? • If, as management has suggested, the arrangements do not give “the risks and rewards of ownership” (as described in SSAP 21), then consideration should be given to whether the arrangements result in an agency arrangement on behalf of the Council (rather than one in which the TMO is a principal). 	<ul style="list-style-type: none"> • Review documentation between the TMO and the supplier and the TMO and the Council and assess the accounting treatment adopted by management and any associated related party disclosure. • If no agency arrangements are considered to exist, then it will be necessary to consider income recognition by the TMO, as a principal, in respect of the transaction. 	<ul style="list-style-type: none"> • We have had sight of a draft contract / lease arrangements between the supplier (SCCI) and the TMO but as yet we have had no sight of any agreement between the TMO and the Council, which is critical to determine the accounting treatment adopted. We have, however, had access to the minutes of the October 2010 Cabinet meeting, which provide a guarantee to the TMO and authorises the payments envisaged under the above arrangements. • Based on the evidence and discussions provided to date, we concur with management’s view that the substance of the transaction would appear to be that the TMO is acting as agent in this transaction, rather than as principal. A reporting entity is considered to be acting as an agent if <ul style="list-style-type: none"> • it has disclosed this fact to a third party • it takes little or no risk • it earns a fixed fee. • If an entity is acting as agent, then transactions are not recognised through its profit and loss account. • The costs incurred by the TMO to date total £55,726 and these are now categorised as debtors (rather than fixed assets) in the company’s balance sheet. There has been no other impact reflected within the 2010/11 financial statements

Key area of audit focus	Our approach	Resolution
Going concern and viability The directors have a responsibility to ensure that there is sufficient evidence that the company remains a going concern and that the financial statements are properly prepared on this basis.	<ul style="list-style-type: none"> • Review the company's budgets and cash flow forecasts for the period of a minimum of one year from date of approval of the financial statements. • Obtain confirmation from the Council of the management fee agreed for 2011/12. 	<ul style="list-style-type: none"> • The 2011/12 and 2012/13 budgets and cash flow forecasts were reviewed with no significant matters arising. • Draft letter of support and confirmation included at Appendix C.
Agreement of inter-entity transactions and balances with the Council	<ul style="list-style-type: none"> • Obtain direct confirmation from the Council of all 2010/11 transactions, including the management fee, SLAs and reverse SLAs and any other items for the year. • Review reconciliations performed of inter-entity balances. 	<ul style="list-style-type: none"> • Draft letter of support and confirmation included at Appendix C. • Satisfactorily reviewed.

4 Audit and accounting issues identified during the audit

There were no issues noted not already communicated within the audit plan.

5 Unadjusted / adjusted misstatements

A summary of the unadjusted / adjusted errors identified during the course of our work is set out below, analysed between errors of fact and differences in judgement.

We have not disclosed below those items that we consider to be “clearly trivial” in the context of our audit. For this purpose we consider “clearly trivial” to be any matter less than £15k individually and £30k in aggregate.

	Adjusted misstatements		Unadjusted Misstatements Factual	
	Profit & Loss effect Dr/(Cr) £'000s	Balance Sheet effect Dr/(Cr) £'000s	Profit & Loss effect Dr/(Cr) £'000s	Balance Sheet effect Dr/(Cr) £'000s
Dr: Other creditors Cr: Trade creditors <i>Being: the reallocation of trade debtor credit balance from other creditors to trade creditors.</i>		24 (24)		
Dr: Debtors – prepayments and accrued income Cr: Fixed assets <i>Being: the reclassification of amounts ultimately recoverable from the Council in respect of upfront costs for the digital TV arrangements.</i>		56 (56)		

6 Significant deficiencies in internal control

We are pleased to report that there are no significant deficiencies in internal control which came to our attention during the course of our audit work. This does not constitute a comprehensive statement of all deficiencies that may exist in internal controls or of all improvements which may be made and has addressed only those matters which have come to our attention as a result of the audit procedures performed. An audit is not designed to identify all matters that may be relevant to you and accordingly the audit does not ordinarily identify all such matters.

HOUSEKEEPING MATTERS ONLY

Fact and potential consequence	Possible action	Management response	Timing of implementation and responsibility
Level of insurance cover There has been a significant level of additions to fixed assets in the year but insurance cover relating to contents has not been increased.	We recommend that consideration is given to whether the insurance coverage is adequate.		
Conflicts register The TMO was unable to provide us with an up-to-date listing of all related parties and relevant interests. This could lead to a related party disclosure being omitted from the financial statements or a potential conflict not being identified.	We recommend that a register is maintained and a formal update is performed both on appointment of new directors and on an annual basis.		

7 Significant accounting policies, disclosures and estimates

Accounting policies and estimates

There were no significant issues noted with the accounting policies and estimates adopted in the preparation of the financial statements that are not referred to elsewhere in this report.

Accounting disclosures

During the course of our audit, we reviewed the adequacy of the disclosures contained within the financial statements and their compliance with both relevant accounting standards and the requirements of the Companies Act 2006. The following disclosure matters were brought to your attention and subsequently reflected in the revised financial statements:

- inclusion of redundancy costs within the wages and salaries note;
- the related parties note has been amended to disclose amounts paid to the directors;
- the fixed asset note required additional disclosure of cost, additions, accumulated depreciation, depreciation charge for the year and NBV on a line by line basis;
- inclusion of the pension past service credit on the face of the profit and loss account as an exceptional item, with appropriate detailed disclosures;
- minor amendments to the related parties disclosure of transactions with RBKC; and
- removal of the capital commitments disclosure as this was budgeted spend but not legally committed.

[We are currently awaiting sight of the draft Directors' Report.]

Significant difficulties identified during the audit

There were no significant difficulties identified during the course of the audit.

8 Uncertainties, risks, exposures, judgemental issues and going concern

There are no matters that we have identified in respect of the above during the course of our work, that we consider should be brought to the attention of the directors, except where discussed elsewhere in this report.

9 Fees

We confirm that the fees charged during the year in respect of services performed for The Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited are consistent with those contained within our Audit Plan submitted to you and dated 7 April 2011, except in respect of additional input regarding the digital TV arrangements.

10 Independence

In accordance with International Standard on Auditing (UK and Ireland) 260 "Communication with those charged with governance", there are no changes to the details of relationships between Baker Tilly UK Audit LLP and its related entities and The Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited that may reasonably be thought to bear on Baker Tilly UK Audit LLP's independence and the objectivity of the audit principal, Glyn Francies, and the audit staff and the related safeguards from those disclosed in the Audit Plan dated 7 April 2011.

Appendix A – Draft letter of representation

Baker Tilly UK Audit LLP
1st Floor
46 Clarendon Road
Watford
Hertfordshire
WD17 1JJ

Dear Sirs

AUDIT OF FINANCIAL STATEMENTS – 31 March 2011

This representation letter is provided in connection with your audit of the financial statements of The Royal Borough of Kensington and Chelsea Tenant Management Organisation for the year ended 31 March 2011 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view, in accordance with the applicable financial reporting framework. The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and United Kingdom Generally Accepted Accounting Practice.

We confirm that to the best of our knowledge and belief, and having made appropriate enquiries of other directors and officials of the company:

Financial Statements

- a. We acknowledge and have fulfilled our responsibilities, as set out in the terms of the audit engagement dated 22 March 2010 for ensuring that the company maintains adequate accounting records and for the preparation of the financial statements in accordance with the applicable financial reporting framework, in particular the financial statements give a true and fair view in accordance therewith.
- b. Significant assumptions used by us in making accounting estimates, including those relating to items measured at fair value, are reasonable.
- c. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the applicable financial reporting framework. In particular, full disclosure is made in the financial statements of:
 - i. any arrangement, transaction or agreement to provide credit facilities (including loans, quasi-loans, or credit transactions) for directors or any guarantee or provision of security for directors;
 - ii. the identity of the party which controls the company, if any;
 - iii. transactions and balances with related parties including:
 - the names of the transacting parties;
 - a description of the relationship between the parties;

- a description of the transactions;
 - the amounts involved (even if nil);
 - any other elements of the transactions necessary for an understanding of the financial statements;
 - the amounts due to or from related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date; and
 - amounts written off in the period in respect of debts due to or from related parties.
- d. Full disclosure is made in the financial statements of:
- i. outstanding capital commitments contracted for at the balance sheet date;
 - ii. all contingent liabilities including details of pending litigation and material claims against the company;
 - iii. all guarantees or warranties or other financial commitments.
- e. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- f. There have been no events (e.g. loss of key customer, supplier or member of staff, change in credit terms offered by suppliers, breaches of bank or other covenants, changes in banking or insurance arrangements or facilities) since the balance sheet date that would impact on the ability of the company to continue as a going concern. Should such events occur prior to your signature of the audit report we will advise you immediately. Except as already incorporated into our cash flow and profit forecasts we have no plans or intentions that would impact on the ability of the company to continue as a going concern.
- g. All events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed. Should such further material events occur prior to your signature of the audit report we will advise you accordingly.
- h. The effects of uncorrected misstatements (whether arising from differences in amount, classification, presentation or disclosure of a reported financial statement item and the amount, classification, presentation or disclosure that is required for the item to be in accordance with the applicable financial reporting framework) are immaterial, both individually and in the aggregate, to the financial statements as a whole.

Information Provided

- a. As agreed in the terms of engagement, we have provided you with:
- i. Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - ii. Additional information that you have requested from us for the purpose of the audit; and
 - iii. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- b. We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements.

- c. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- d. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- e. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
- f. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements. We have also notified you of the actual or contingent consequences which may arise from such non-compliance, including any potential effects on the company's ability to conduct its business.
- g. We have disclosed to you the identity of the company's related parties and all the related party relationships and transactions of which we are aware.
- h. We have disclosed to you details of all known actual or possible litigation and claims whose effect should be considered when preparing the financial statements.

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

We confirm that we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to the auditors. We confirm that, as far as we are aware, there is no relevant audit information of which the auditors are unaware.

We confirm that the actuarial assumptions used within the FRS 17 calculations are considered to be reasonable for the company.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

The contents of this letter were considered and approved by the board at its meeting on 28 July 2011

Yours faithfully

Signed on behalf of the board of The Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited

Director
Date 28 July 2011

Appendix B - Updated financial reporting developments

No significant matters have arisen since the preparation of the Audit Plan dated 7 April 2011

Appendix C – Draft letter of support / confirmation

Baker Tilly UK Audit LLP
1st Floor
46 Clarendon Road
Watford
Hertfordshire
WD17 1JJ

The Directors
Royal Borough of Kensington & Chelsea Tenant management Organisation Limited
292a Kensal Road
London
W10 5BE

Dear Sirs

The Royal Borough of Kensington & Chelsea Tenant Management Organisation Limited : year ended 31 March 2011

We are writing in connection with your audit of the Royal Borough of Kensington & Chelsea Tenant Management Organisation Limited (“the TMO”) for the year ended 31 March 2011 and we understand that you will be relying on this letter for the purposes of your audit.

Management agreement

The management agreement dated 28 February 1996 expires only when one of the parties gives notice in accordance with Clause 19 of Chapter 1 of the Management Agreement. We have no intention of giving such notice in the next twelve months.

The Royal Borough of Kensington and Chelsea (“RBKC” or “the Council”) has the right to terminate the management agreement with the TMO should it become insolvent. As at 31 March 2011, the TMO had a net deficit position of £3.7 million. The net deficit position is represented by cumulative reserves on the profit and loss account of £2.2 million and the FRS17 pension scheme deficit of £5.9 million. We confirm that we will not exercise our right to terminate the management agreement to the extent that the net deficit position is due to FRS17 pension scheme accounting.

Management fee and similar income

The management fees for the year ended 31 March 2011 payable by RBKC to the TMO amounted to £10,745,276 including £334,087 in fees for the management of Lancaster West and £236,018 Supporting People grant.

Other income earned by the TMO from RBKC in respect of the year ended 31 March 2011 was as follows:

- CAS Income : £233,013
- Recharges for consultancy and other services : £898,947

These fees have been derived in the manner required in accordance with the management agreement between RBKC and the TMO.

We confirm that the management fee payable under the management agreement will be set at an adequate level to enable the TMO to continue to provide the services under the management agreement. The level of the management fee will be arrived at through joint process, taking into account the financial needs of the TMO, the resources adjudged to be available within the Council's Housing Revenue Account and the Council's medium term financial strategy. The management fee agreed for 2011/12 is £10,058,000.

Service Level Agreements (SLAs)

Amounts payable by the TMO to RBKC under service level agreements for the year ended 31 March 2011 amounted to £807,731.

There were no amounts receivable from RBKC to the TMO under reverse SLAs.

Amounts due from/to RBKC

We confirm that as at 31 March 2011, RBKC owed the TMO a net balance of £160,584.


For and on behalf of the Royal Borough of Kensington & Chelsea Council

Authorised signatory

Agenda Item 6

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED

Open	
For discussion/decision	
Kensington & Chelsea TMO Board 28 th July 2011	
Report title:	Human Resources Annual report
Authority for decision:	For Board Information
Recommendations:	<p>That the Board:</p> <p>Note the contents of the report and the Corporate Learning and Development Plan; and</p> <p>Agree the recommendations in the report.</p>
Regulatory/legal requirements:	We have a number of statutory obligations in respect of our employment practices and this report helps to monitor achievement against these.
Business Plan link:	Raising housing service standards and expectations by delivering quality and accessible services
Equality Impact Assessment/comment:	The report covers equality and diversity issues.
Resident consultation:	Residents have not been consulted on any aspects of the report, though we will be involving residents in the development of some elements of the Corporate Learning and Development Plan.
Resource implications/VFM statement:	The report includes cost information in respect of recruitment and learning and development, and show where reduced

	costs/VFM has been achieved during the year.
Risk:	Failure to meet our statutory responsibilities in respect of the employment of our staff could lead to financial loss, legal claims and reputational risk.
Appendices:	Corporate Learning and Development Policy.
Total number of pages including appendices:	23
Name, position and contact details of author:	<p>Lornette Pemberton Director of People and Organisational Development</p> <p> lpemberton@kctmo.org.uk</p>

Human Resources & Organisational Development

Recipients

KCTMO Board

Content

An overview of Human Resources related performance indicators, Human Resources activity during the year and related issues and recommendations

Purpose

For information

For decision

Attachments

Corporate Learning & Development Plan



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1. Introduction

1.1 This report is intended to provide the TMO Board with an overview of the staffing position within the TMO at 31 March 2011, set out key performance indicators over the business year 2010-11, and report on Human Resources related activity and issues over the same period. The report covers:

- Staff in post, including establishment and workforce diversity profile;
- Turnover and absence;
- Recruitment activity;
- Learning & Development activity;
- Employee Relations activity.

The Board is asked to:

- **Note** the activities and statistics outlined in the report;
- **Agree** the recommendations for action outlined in the report;
- **Note** the attached Corporate Learning and Development Plan.

Context

1.2 2010/11 has been a year of change and development for HR. The team itself has undergone significant personnel changes as one of the most experienced members of the team returned from maternity and several new starters joined. The level of HR activity has remained consistently high with the implementation of a new personnel and payroll system, high recruitment activity, continued focus on staff development, the introduction of new management behaviours, implementation of self service across the organisation and wider organisational changes and restructures.

Activity

1.3 The activities carried out by HR in 2010/11 have been wide ranging, but as would be expected, have been mostly aimed at either improving the HR service internally or enabling TMO staff to improve the service and performance of the organisation, as well as the normal delivery of services. Key activities have included:

- Delivery of 35 recruitment campaigns;



- Delivery of training events, and in particular a number of management development activities;
- Producing and launching Leadership Behaviours for all managers at the TMO;
- Implementation and continued development of a new HR software system and payroll service;
- Implementation of self service enabling staff and managers to access their own personal details online as well as manage sickness absence and annual leave;
- Undertaking a staff survey;
- Providing support and guidance during the successful review and restructure of Strategy and Engagement; and
- Health event promoting healthy living held for all staff including screening, flu jabs.

2. Key Performance Indicators

2.1 The following data shows the TMO's performance against a number of indicators, comparing the year's figures against internal targets where applicable, and relevant national, local and sector-specific figures. Prior year figures for comparison are also shown.

2.2 Greater detail and narrative on each indicator is provided in the following sections.

Sickness absence (average working days per FTE¹ employee)

2009/10	2010/11	Target ²	National ³	Public Sector ⁴
7.8	7.7	6.6	7.7	9.6

Turnover (leavers as a percentage of average staff in post)

2009/10	2010/11	Target	Public Sector ⁵	RBKC ⁶
10.7%	10.9%	N/A	12.6%	15.5%

Workforce diversity - Ethnicity (ethnic minority staff as a percentage of total staff in post)



31 March 2009	31 March 2011	Target	London ⁷	RBKC ⁸
37%	36%	N/A	33%	24%

Workforce diversity - Disability (disabled staff as a percentage of total staff in post)

31 March 2010	31 March 2011	Target	London ⁹	RBKC ¹⁰
2.4%	4.3%	N/A	13.5%	3.5%

2.3 The TMO sickness absence figure in relation to average working days per Full Time Equivalent employee has reduced again this year and compares very well both nationally and in comparison with the public sector figure. With the target set at 6.6 days by the end of the next performance year there will be a considerable focus on sickness absence during the course of this year. This is discussed in more depth in the sickness absence section. Turnover continues to be low but this is to be expected given the current economic climate. The TMO continues to have strong black and minority ethnic representation in its workforce with over a third of our staff from a black or minority ethnic background. The proportion of disabled staff is low and this is discussed in more depth in the Staff in Post section.



3. Staff in Post



Establishment vs. Staff in Post (at 31 March 2011)

Directorate	Established posts	FTE Filled	FTE Vacant	Temporary staff % ¹¹
Chief Executive's Office	3.00	3.00	0.00	0%
Customer Services	138.84	121.35	17.49	16%
Financial Services & ICT	30.00	27.06	2.94	15%
People & Organisational Development	12.00	11.17	0.83	27%
Strategy & Engagement	13.58	9.00	4.58	33%
Total	197.42	171.58	25.84	17%

3.1 In addition to the staff set against established posts shown above, there are a further 12.5 people employed on projects as contractors or agency staff. Additionally the Customer Services figures exclude 8 casual staff employed on an 'as and when' basis with no standard Full Time Equivalent. The People & Organisational Development figures exclude two people on maternity leave, the cover for whom also contributes to the high proportion of agency staff in this area.

3.2 At the end of March 2011 25.84 of established posts were vacant however it should be noted that 14 of these posts were filled in the first quarter of 2011-12 and therefore the TMO is currently running closer to establishment. Just under one in five posts in total is currently filled by agency staff, contractors, or staff on a fixed-term contract, but following and during a period of change for the TMO this is a reasonable proportion. However, with the Agency Workers Regulations coming into force in October 2011 agency staffing levels are currently under review and a



reduction in this figure can be expected. A number of recruitment campaigns to permanently fill new posts in the structure are underway or in the pipeline.



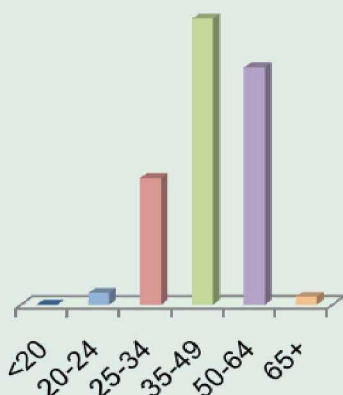
Workforce Diversity Profile (at 31 March 2011)

Ethnicity	31 March 2010	31 March 2011	London ¹²	RBKC ¹³
Asian or Asian British	7%	8%	-	-
Black or Black British	15%	16%	-	-
Mixed	1%	2%	-	-
White	43%	47%	67%	76%
Other	2%	1%	-	-
Unknown	32%	27%	-	-

Disability	31 March 2010	31 March 2011	London ¹⁴	RBKC ¹⁵
Disabled	2.4%	4.3%	13.5%	3.5%
Not disabled	97.6%	95.7%	86.5%	88.3%

Gender	31 March 2010	31 March 2011	London ¹⁶	RBKC ¹⁷
Female	47%	46%	44%	42%
Male	53%	54%	56%	58%





Age	31 March 2010	31 March 2011
<20	0%	0%
20-24	1%	2%
25-34	22%	19%
35-49	40%	43%
50-64	34%	35%
65+	3%	1%

3.3 The TMO continues to have strong black or minority ethnic representation in its workforce, with non-white staff forming 36% of staff for whom ethnic origin is known. The number of staff for whom ethnic origin is not known has decreased to 27%. This follows a personal data audit of the TMO's workforce undertaken this year but as ethnic origin is still not known for over a quarter of the TMO's workforce further work is needed in this area.

3.4 The statistics for disability have risen and although still not representative of the economically active population they compare well with other employers in the area such as RBKC. There may of course still be staff with undeclared disabilities that are not known but at current known levels, the number of disabled staff is still low. The TMO now employs a dedicated Equality and Diversity Officer and HR will be working closely with this officer to try and increase this figure during the course of the next performance year. One such initiative may be to work in partnership with a local organisation whose aim primarily is to get disabled people into permanent employment initially through work experience placements etc.

3.5 The TMO employs a slightly higher proportion of women than the average, although the net result of turnover and recruitment during the past year has slightly favoured men, who now form 54% of the workforce compared to 53% a year ago.

3.6 Historically, the TMO has had quite a dramatic older-leaning age profile and from the figures this year this is still relatively the case although there has been an increase in staff employed in the 35-49 age brackets. During the course of the next performance year a number of initiatives are being considered which may well help to change this historical profile such as apprenticeships and a graduate trainee scheme.

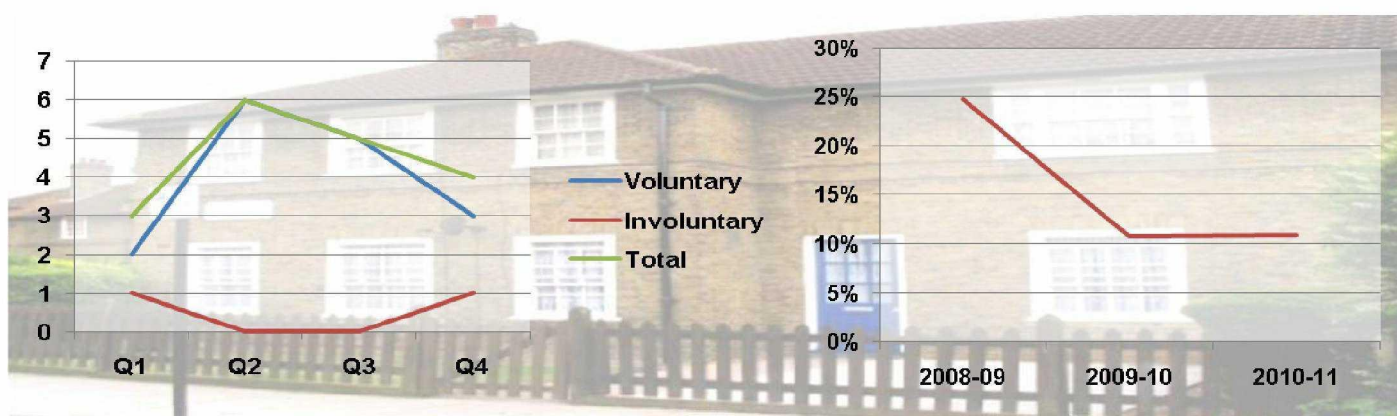
Recommendations

To work with the newly appointed Equality and Diversity Officer on initiatives to increase the number of disabled people working at the TMO



Carry out a further personal data review to try and capture the missing information on ethnic origin and disability in relation to staff.

4. Staff Turnover



Total turnover (total FTE leavers as a percentage of average FTE staff in post during year)

2009/10	2010/11	Target	Public Sector ¹⁸	RBKC ¹⁹
10.7%	10.9%	N/A	12.6%	15.5%

Voluntary turnover (resignations & retirements as a percentage of average staff in post)

2009/10	2010/11	Target	RBKC ²⁰
7.1%	9.6%	N/A	9.0%

Stability Index (leavers with +1 year's service as a percentage of staff in post 1 year ago)

2009/10	2010/11	Target
10.9%	10.4%	N/A



4.1 Last year there were a mix of leaving reasons noted, some of which were positive e.g. career development, and some negative e.g. people left due to issues around their job or the TMO. This year all the reasons cited by voluntary leavers were either related to career progression, personal development or practical improvements such as wanting to work closer to home, or taking time off to study. There is no indication that there are any recurring themes or issues that need to be looked at.

4.2 The overall rate of turnover for the TMO remains fairly low at 10.9%; this is lower than all comparators and very similar to the level seen last year. There were no issues of diversity to note in terms of leavers.

Recommendations

There are no new recommendations made regarding staff turnover.

5. Sickness Absence



Sickness absence levels and cost

Total sickness absence (average working days per FTE employee)

2009/10	2010/11	Target ²¹	National ²²	Public Sector ²³
7.8	7.7	6.6	7.7	9.6

Sickness absence excluding long-term (average working days per FTE employee)²⁴



2009/10	2010/11	Target
2.7	2.7	N/A

Cost of absence (total cost for year)

2009/10	2010/11	Target
£130,900	£126,000	N/A

Cost of absence (average per FTE employee)

2009/10	2010/11	Target	National ²⁵	Public Sector ²⁶
£779	£829	N/A	£600	£889

- 5.1 The improved sickness absence rate recorded last year has been maintained, and there is a small improvement overall with the average number of days per full-time equivalent employee falling from 7.8 to 7.7. This matches the current level nationally and is significantly lower than the public sector average.
- 5.2 The level of short-term absence is exactly the same as it was last year, at 2.7 days per full-time equivalent employee. This is a very good rate; however, the few cases of long-term absence continue to dominate the overall figure.
- 5.3 The 3 year target to reduce overall sickness absence to an average 6.6 days is due to be met in one year's time. It is unlikely that short-term absence will reduce significantly from its current level, but it is hoped that long-term absence will. Although the level of long-term absence across the year has barely changed from the previous year's figures, action has been taken to manage these cases and to try to bring employees back to work in a timely, controlled and sensitive manner. That work will continue in the coming year and it is expected that all current cases will be resolved in the near future. The introduction of a new absence management policy will also help future cases to be managed more effectively, as will increased reporting through the Human Resources database. While there is always a limit to the level of control an organisation can have on sickness absence in a given period, assuming that the coming year does not see a spike in the level of short-term absence, we still anticipate that the target will be met.
- 5.4 The figures on the cost of sickness absence should be treated with caution, not least because the very act of calculating the 'cost to the business' carries an implication that we should be aiming for zero absence. Illness is however a fact of life, and (well managed) paid sick leave is an essential part of being a responsible employer. It can be useful to compare the TMO's cost with other organisations, but it should also be



borne in mind that there can be inconsistencies in the way that organisations calculate the cost, and particularly that fewer than 4 in10 organisations calculate it at all.

- 5.5 Compared to last year the overall cost has reduced. Although the average level of absence remained almost static, the number of staff in post across the year was lower, and consequently the total number of days lost was proportionately lower. Interestingly, the average cost of absence per employee has risen, suggesting that the proportion of absence has increased amongst higher paid staff. Other than the continuing need to resolve outstanding cases of long-term absence, there are no significant conclusions to be drawn from the 2010-11 absence data.

Common sickness reasons

Reasons	Proportion of working days lost	Proportion of instances of absence
Stress/depression	55%	7%
Cold, flu etc. ²⁷	14%	33%
Stomach upset/nausea	5%	17%
Back pain	2%	7%

- 5.6 The most common reasons for sickness absence remain consistent. Stress or depression account for some 55% of total working days lost, and the vast majority of this relates to the few very long-term cases.
- 5.7 Musculo-Skeletal complaints in total (which include back pain) account for 9% of working days lost and 11% of instances.

Recommendations

There are no new recommendations made regarding sickness absence

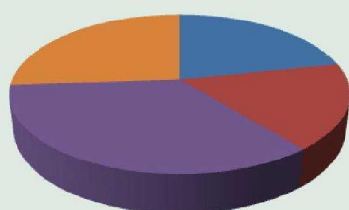


6. Recruitment

6.1 35 recruitment campaigns were initiated in total during 2010/11, to fill 37 posts. Of these 3 were unsuccessful at the first attempt. 3 were internal acting up/ secondment opportunities. Of the 37 posts, 9 were new, 24 replacing leavers and 4 due to restructuring.

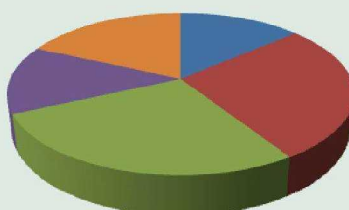
6.2 The total spend on recruitment during 2010/11 was £109,323. As stated in last year's report this included introduction fees from recruitment agencies.

Recruitment Campaign Diversity Figures (April 2010 – March 2011)



■ Asian ■ Black
■ Mixed ■ White
■ Other ■ Unknown

Ethnicity	Applied	Shortlisted	Appointed
Asian or Asian British	12%	13%	22%
Black or Black British	31%	31%	17%
Mixed	2%	1%	-
White	30%	34%	35%
Other	1%	3%	-
Unknown	24%	19%	26%



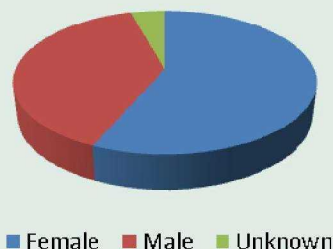
■ 20-24 ■ 25-34 ■ 35-49
■ 50-64 ■ 65+ ■ Unknown

Age	Applied	Shortlisted	Appointed
<20	1%	1%	4%
20-24	8%	5%	13%
25-34	34%	26%	26%
35-49	27%	36%	26%
50-64	12%	11%	13%
65+	-	-	-
Unknown	18%	21%	17%





Disability	Applied	Shortlisted	Appointed
Disabled	3%	2%	-
Not disabled	77%	85%	87%
Unknown	19%	14%	13%



Gender	Applied	Shortlisted	Appointed
Female	47%	56%	57%
Male	49%	42%	39%
Unknown	4%	3%	4%

6.3 The recruitment diversity statistics (for external permanent appointments only) reveal some interesting patterns. On the age profile, over half of successful candidates were appointed from within the 25-34 and 35-49 age brackets. However, it is noticeable that the TMO is still failing to attract significant numbers of applications from those under the age of 25. To some degree this can be explained by the number of people embarking on further education and therefore entering into employment at a later stage in life but hopefully should the TMO decide to introduce apprenticeships or graduate positions within the organisation during the course of the next year we will see a rise in this figure.

6.4 The number of disabled applicants remains low at 3% with only an increase of 1% on the previous year's figure. No disabled applicants were successful. The TMO continues to operate the Two Ticks guaranteed interview scheme which should help attract disabled applicants, and this year has been working in conjunction with Equality Britain to advertise vacancies. However, work needs to continue in this area in order to increase this figure and we expect employment/staff issues to be picked up as part of the development of the E&D strategy and action plan.

6.5 Applications from men and women were almost equal. However, the percentage of women shortlisted formed a much higher proportion in comparison to men with more than half of those women who were shortlisted appointed in to positions. However, the overall proportion of men and women within the TMO's workforce remains relatively the same as last year's figures at 54% and 46% respectively.



Recommendations

Review adverts and recruitment processes to ensure that they encourage and treat fairly applications from disabled people

Identify employment and staffing issues as part of the development of the Equality and Diversity Strategy and Action Plan.

7. Organisational Development

Corporate Training

Activity	2008-09	2009/10	2010/11
Total Training Events	N/A	76	100
In-house	25	11	15 unique courses (41 occurrences)
Total Employee Days	517	676	517
Per Employee Days	N/A	4	2.74
Total Training Spend	£117,894	£132,525	£125,156.54
Per Employee Spend	£861	£789	£633.96

7.1 100 training events were delivered in 2010/11. Of these, 15 were unique courses delivered at the TMO (41 occurrences of these courses) which compares to 11 courses last year. The Corporate Training spend of £125, 156.54 which is a decrease of 6% on 09/10. This spend includes £20,000 on Equality & Diversity training for all staff, £26,366 on developing our Leadership Behaviours and development and coaching work with Executive Team and Senior Management Team, and £10, 350 on our Insider Views Staff Engagement Survey and associated follow up work.

7.2 The spend reflects an average investment of £633.96 per employee which compares to an average organisational spend of £250 per employee²⁸. The average amount of training days per employee was 2.57 compared to an average of 4 days per employee²⁹. It should be noted that these costs and investment would have been significantly different if all staff had attended the training that was booked. Had this been the case our total training days would have been 618. With the average cost of



an internally run training course being approximately £1,500 and the average maximum attendance being 12 people, it represents additional and avoidable cost of approximately £12,500 in terms of additional courses booked and value for money being lost.

- 7.3 As with previous years, a training needs analysis was completed at the beginning of the year which resulted in a Corporate Training Plan. All aspects of the plan were delivered with the exception of Project Management Training which was delayed awaiting the appointment of a new Project Manager.
- 7.4 The decrease in both employee training days delivered and the cost per employee can be attributed to the fact that fewer cross-organisational corporate training events were run this year (Management Development, Customer Care and the Hearts and Minds Programme were all delivered in 2009/10). Instead the focus has been on delivering key corporate programmes such as Data Protection, Equality and Diversity and EDMS and delivering more team or individual training needs (individual skills development, conferences, legal updates and team development days have formed a large part of this).
- 7.5 Our approach to ensuring quality of training and value for money has continued. Key staff have been consulted in the procurement of training and pilot sessions run in order to ensure it is pitched at the right level. We have used providers with a proven track record of delivery good quality affordable training to deliver training in other disciplines (Health and Safety and Data Protection are good examples of this). We have also consistently monitored feedback from staff, managers and trainers to make changes to course content and delivery where necessary and appropriate.
- 7.6 In terms of wider Organisational Development we have invested significant resources into developing our Leadership Behaviours to articulate to Managers at all levels of the organisation how we expect them to go about delivering our services. These were developed and implemented for all managers during 2009/10. Linked to this was the development work that the Executive Team and Senior Management Team have done in looking at the way in which they operate and the behaviours that they demonstrate.

Actions from 2009/10

- 7.7 The 2009/10 report outlined 7 actions that needed to take place in 2010/11 to further build on the work that had taken place. Below is an outline of each action, and what we have done.
- *Develop the way in which we evaluate the impact of training in a way that measures genuine performance impact.*
- 7.8 This year, for the first time, we have asked SMT members to evaluate the performance impact of each individual training course the members of their teams have attended. They have rated the impact as either 'positive', 'negative' or 'no



impact'. The feedback received indicates that Senior Managers rated 84% of the learning activities that their staff attended as having a positive impact on performance, 11% as having no impact and 5% as having a negative impact. Those courses that were rated 'no impact' or 'negative' were largely the discontinued Management Development Programme, EDMS and Academy Training and further work is underway to investigate why these training courses did not have the desired impact.

- *Launch a new Learning & Development Policy*

7.9 This was launched in June 2011 along with a policy on induction.

- *Complete a Training Needs Analysis that takes into account development needs on an organisational, team and individual basis.*

7.10 This was completed and the Corporate Learning & Development Plan was designed and delivered as a result. In addition to the Corporate Learning & Development plan, there were many Learning & Development events delivered on a team and individual basis, including conferences, legal updates and awaydays.

- *Complete a staff survey which will enable us to act on the views of staff and managers on a range of topics and compare the outcomes of our status survey.*

7.11 Our Insider Views staff survey was carried out in November 2010, which confirmed that staff engagement was at a similar level (slightly higher) than customer satisfaction. The survey also allowed us to formulate a 30 point action plan with the aim of improving the working experience for our staff. Senior Management Team have taken the lead in delivering this action plan over the course of 2011/12.

- *Continue to develop our approach to organisational development and staff engagement by delivering initiatives across the year informed by our Training Needs Analysis and the Staff Survey Results.*

7.12 We have carried out a number of organisational development activities including developing and launching our Leadership Behaviours and development work with Executive Team and Senior Management Team to define their roles and explore their working dynamic to improve performance and drive change within the organisation. In addition we have held team awaydays to explore barriers to top performance and how those barriers can be removed. We also held a well received Staff Conference which gave staff the opportunity to hear messages directly from the Chief Executive and discuss together the organisational priorities for the coming year.



- *Complete implementation of HR software system and embed new processes and management reporting framework*

7.13 The implementation of the new HR software system happened relatively quickly and smoothly. New processes have been embedded and a good working relationship has been developed with the new payroll contractor. The management reporting framework is now established and the last stage of implementation which is the integration of the personnel and payroll systems is scheduled for July 2011.

- *Develop a new competency framework to form the basis for recruitment and selection criteria and performance assessment incorporating the new TMO values and behaviours.*

7.14 The Leadership Behaviours now form part of the recruitment, selection, development and performance management processes for all management positions at the TMO. Staff Behaviours will be rolled out in October 2011 and will then be used for all staff.

Recommendations

Develop and implement Behaviours framework for all staff.

Deliver actions in Insider Views Action Plan.

Continue to evaluate measurable business impact of learning and development activities.

Continue to develop the role of Managers Forum and overall management capability.

Review learning and development activity that did not have the desired impact

Work to tackle staff non-attendance at training

8. Employee Relations

8.1 During 2010/11 the employee relations cases included:

4 grievances: 1 upheld, 2 not upheld 1 at investigation stage.



3 disciplinaries:
3 ET cases

Non resulted in dismissal
1 unsuccessful, 1 settled, 1 in progress

8.2 Overall, whilst the number of grievances remained the same as the previous year the number of disciplinaries and ET cases has fallen. Although the volume of ET cases is probably still somewhat high for an organisation of the TMO's size, during periods of continued organisational change this can be expected. We will however continue to monitor this.

8.3 We implemented self service across the organisation during the course of this year which enables staff and managers to book and monitor annual leave, record sickness absence online as well as access their personal data. This has been very well received across the organisation and plans are in place to expand this service further so that staff can view their payslips online etc.

8.4 HR took part in a payroll and personnel audit this year and although the overall rating given was limited assurance this largely related to the payroll function rather than personnel. In fact, no recommendations were made in relation to personnel. With regards to payroll several recommendations were made and in the main these relate to the implementation of the new HR software.

Recommendations

To ensure all of the recommendations from the Payroll and Personnel Audit are implemented.



References

- ¹ Full-time Equivalent
- ² To be achieved by business year 2011-2012
- ³ Source: CIPD Survey 2010
- ⁴ Source: CIPD Survey 2010
- ⁵ Source: CIPD Survey 2010
- ⁶ Extrapolated from voluntary turnover figures in RBKC's Workforce Monitoring Report for calendar year 2009
- ⁷ Source: ONS Annual Population Survey to September 2010 – proportion of economically active population
- ⁸ Source: ONS Annual Population Survey to September 2010 for *borough* of RBKC – proportion of economically active population
- ⁹ Source: ONS Annual Population Survey to September 2010 – proportion of economically active population in London with a disability
- ¹⁰ Source: ONS Annual Population Survey to September 2010 – proportion of economically active population in RBKC *borough* with a disability
- ¹¹ Temporary staff include all agency staff, contractors/consultants and staff on fixed-term contracts.
- ¹² Source: ONS Annual Population Survey to September 2010 – proportion of economically active population in London who are white
- ¹³ Source: ONS Annual Population Survey to September 2010 – proportion of economically active population in RBKC *borough* who are white
- ¹⁴ Source: ONS Annual Population Survey to September 2010 – proportion of economically active population in London with a disability
- ¹⁵ Source: ONS Annual Population Survey to September 2010 – proportion of economically active population in RBKC *borough* with a disability
- ¹⁶ Source: ONS Annual Population Survey to September 2010 – proportions by gender of economically active population in London
- ¹⁷ Source: ONS Annual Population Survey to September 2010 – proportions by gender of economically active population in RBKC *borough*
- ¹⁸ Source: CIPD Survey 2010
- ¹⁹ Extrapolated from voluntary turnover figures in RBKC's Workforce Monitoring Report for calendar year 2009
- ²⁰ Source: RBKC's Workforce Monitoring Report for calendar year 2009
- ²¹ To be achieved by business year 2011-2012
- ²² Source: CIPD Survey 2010
- ²³ Source: CIPD Survey 2010
- ²⁴ Long-term absence is defined as consisting of 14 calendar days or greater
- ²⁵ Source: CIPD Survey 2010
- ²⁶ Source: CIPD Survey 2010
- ²⁸ CIPD Learning and Talent Development Survey 2010
- ²⁹ CIPD Learning and Talent Development Survey 2010



Appendix 1



Corporate Training Plan July 2011- June 2012

	In-House	Technical/Knowledge	Skills	Behavioural/ Management Development
Jul-Sep	Intermediate Excel Intermediate Word Complaint Handling Sickness Absence Recruitment and Selection	Asbestos Awareness (compulsory for staff encountering asbestos) Data Protection (compulsory)	Managing Difficult Callers Media Handling Project Management	Mediation
Oct-Dec	Resident Engagement Procurement Workshop Disciplinary Process Budget Monitoring	Keystone Database Lone Worker Training Housing Law Anti-Social Behaviour Employment Law	Presentation Skills Repair Reporting Report Writing Written Communication (possibly in-house)	Management Development/ Aspiring to Management
Jan- Mar	Intermediate Excel Intermediate Word Risk Assessment	Lift release training Data Protection (compulsory)	Negotiation and Influencing Skills	Managing difficult situations
Apr- Jun	Recruitment and Selection	Domestic Violence	Minute Taking	

Please note: Safeguarding Adults training is available through RBKC on a regular basis until April 2012 when the arrangements will change. For a list of the available courses please see the Intranet (under Training)

Agenda Item 7

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION

KCTMO BOARD
28th JULY 2011

BOARD DEVELOPMENT

REPORT BY GOVERNANCE MANAGER AND COMPANY SECRETARY

1. Purpose

In line with our agreed Governance framework this report sets out a proposed way of carrying out Board reviews in order to strengthen both the governance arrangements of the company and assist the Board members in carrying out their responsibilities.

DISCUSSION AND DECISION

1. SUMMARY

- 1.1 In line with our agreed Governance Framework this report set outs a proposed way of carrying out Board reviews in order to strengthen the TMO governance and assist Board members in fulfilling their role as directors of the company.

2. RECOMMENATIONS

- 2.1 It is recommended that the Board approve:
- The proposed review scheme as outlined in the report.
 - The proposed timetable as outlined in paragraph 3.5.

3. BACKGROUND

- 3.1 Although there are changes in the regulatory regime in the housing sector, it is highly probable that when the new standards are formulated, by which the housing sector will be assessed, governance will be a major part of the assessment. In order to assess how well the organisation is governed it will be necessary to ascertain how well the Board performs its role and how well the individual members work together. In order to do this it is necessary that we carry out both collective and individual reviews of the whole Board.

- 3.2 In reviewing the housing sector and Industry as a whole, existing guidance suggests that the best performing Boards will:
- Have an annual appraisal or review system that identifies any issues needing attention and that assesses the value that the Board as a whole adds to the organisations work ;
 - Set targets or objectives for the improvement of the Board's collective performance;
 - Assess the contribution of each board member and the chair so that appropriate training and support can be provided;
 - Have an independent element in the appraisal process that will ensure transparency and rigour in the process; and
 - Have a clear policy for dealing with members who require support and training to achieve the agreed standards.
- 3.3 It is probable that in designing the governance standards under the new regulatory regime, some of these existing documents will be used as a basis for any proposals, and as such the framework attached as Appendix A has been developed with this in mind.
- 3.4 It should be noted that in order for this framework to enhance the governance of the organisation, the actions which are identified as part of the process are implemented and future reviews under the framework assess the success of the implementation.
- 3.5 The Board is asked to consider and agree the following timetable for the reviews:

Action	Date
Board agrees the proposed framework	28 July 2011
Board are provided with the agreed review form to prepare for their individual interview	15 September 2011
Interview dates are agreed with Board members for their individual interview	30 September 2011
Interviews commence	1 October 2011
Interviews completed	31 October 2011
Report to Board	17 November 2011

BOARD DEVELOPMENT FRAMEWORK

1.0 INTRODUCTION

1.1 In reviewing the housing sector and industry as a whole existing guidance suggests that the best performing Boards will:

- Have an annual appraisal or review system that identifies any issues needing attention and that assesses the value that the board as a whole adds to the organisations work;
- Set targets or objectives for the improvement of the Board's collective performance;
- **Assess** the contribution of each Board member and the **Chair** so that appropriate training and support can be provided;
- Have an independent element in the appraisal process that will ensure transparency and rigour in the process; and
- Have a clear policy for dealing with members who require support and training to achieve the agreed standards.

1.2 In order to address these guidance points the Board needs to establish robust review arrangements to assess both collective and individual effectiveness. This framework proposes a method of doing this which should ensure that the reviews achieve consistency, fairness and an appropriate degree of challenge. In order to work towards continuous improvement in governance the robust review arrangements for the Board will need to play an important part.

2.0 APPROACH

2.1 The following sections set out the process for collective and individual reviews. There are several stages to this process and the length of time it takes to complete will depend on the Board's approach. The diagrams at the end of this section summarise the key elements of the review exercise.

2.2 **An assessment of individual contribution and support and development needs** will take place on a bi-annual basis commencing in the year after the initial appointment. In other years, there should be a full review of the collective effectiveness of the Board and a self-assessment of individual performance.

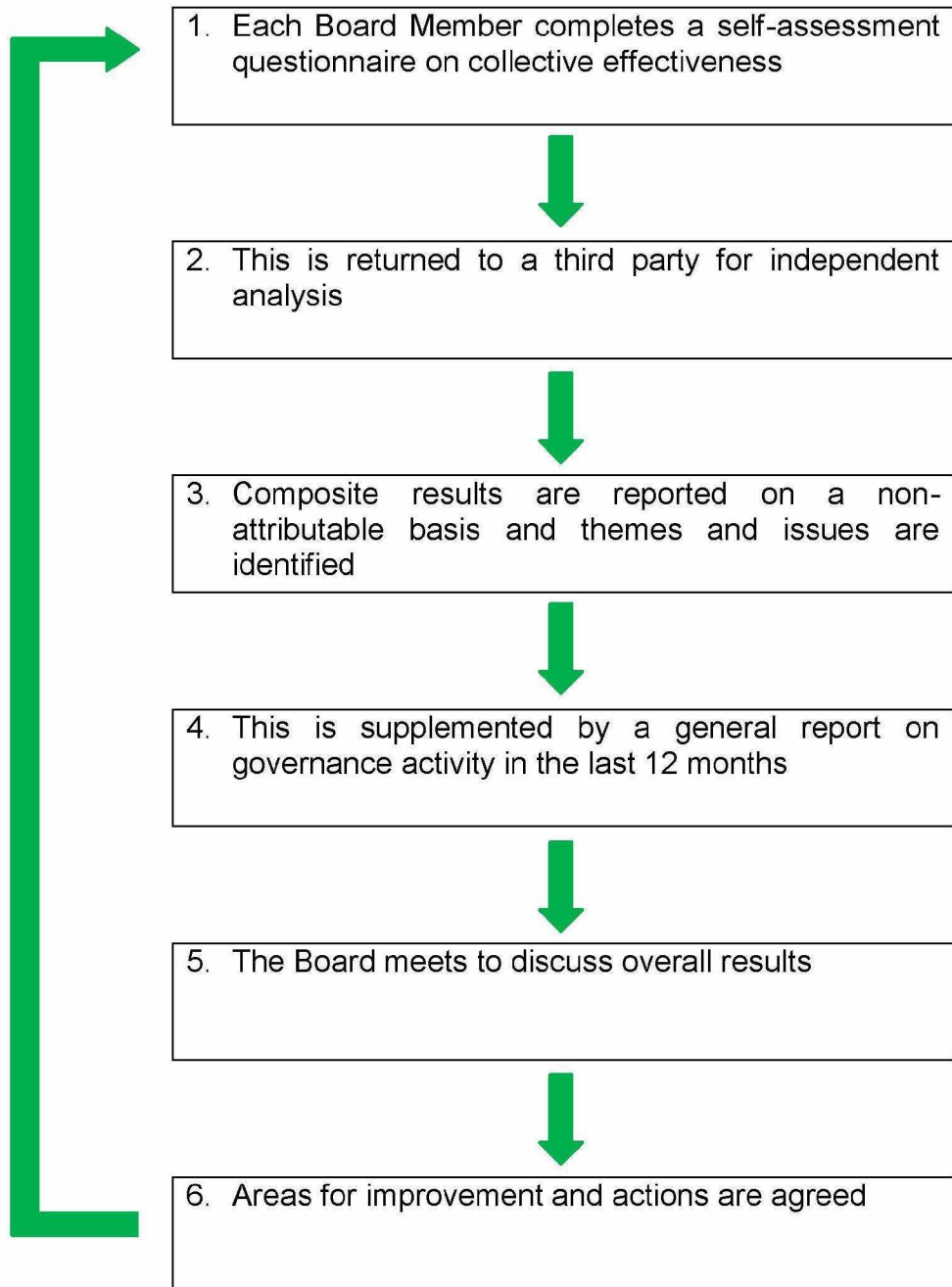
2.3 The process of review will be based initially on Board Members self - assessment questionnaires completed by Board Members and the **Executive Team**. In relation to collective review, these are analysed independently with the results reported to the Board on a composite basis. This will enable any clear or emerging issues to be discussed by the Board at the earliest opportunity.

2.4 The next bi-annual stage involves individual interviews. **Each Board Member** will meet the **Chair** and/or an independent assessor in order to discuss both their individual contribution (on the basis of previously completed

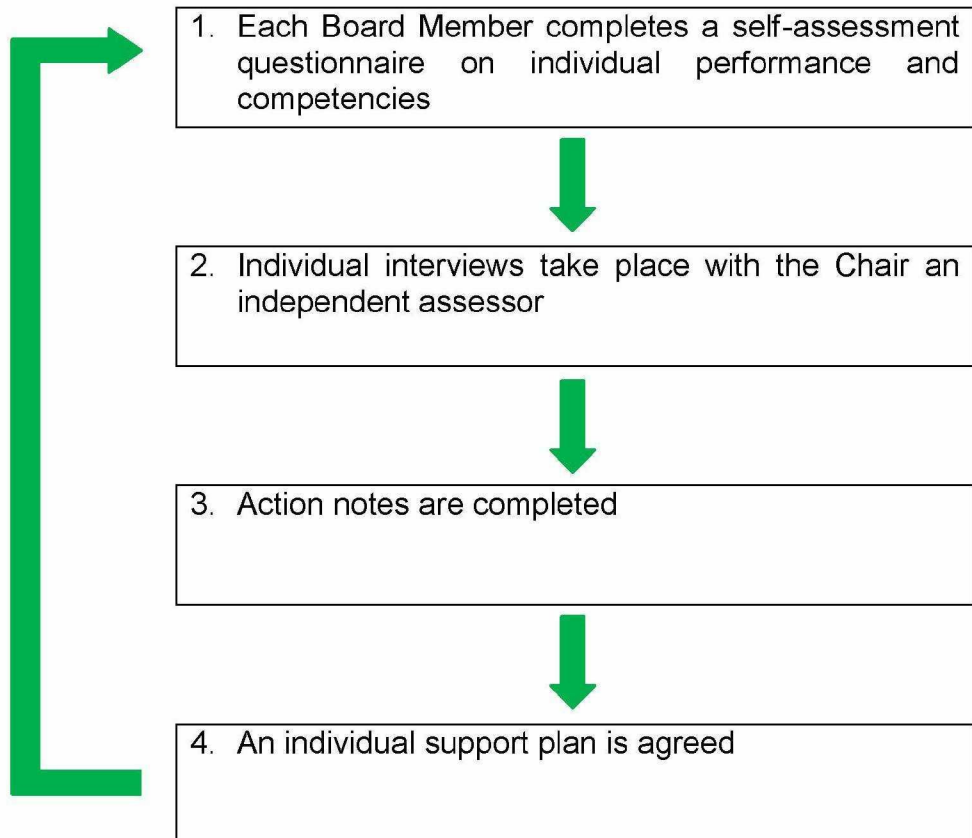
questionnaires) and any issues and support of development needs resulting from the collective review exercise.

- 2.5 Review of the Chair follows on from the individual interviews. Sometimes issues relevant to the effectiveness of the Chair may have already arisen during interviews and the preceding general Board discussions (for example, agenda planning, length of meetings, ability of Members to contribute etc.) but there will still be a need to review the Chair's performance formally.
- 2.6 If Board reviews are to be robust and transparent then the final stage in the process involves the recording of results, ongoing monitoring of action taken and review of the effectiveness of the appraisal process itself.
- 2.7 Action notes at the interviews should be reviewed independently and a summary report provided to the Board that sets out in general terms actions agreed and any issues requiring the Board's further attention. The assessor will also be able to confirm whether the review process was robust. Board Members will be invited to comment on the experience and consider any changes to be made the following year.

COLLECTIVE REVIEW



INDIVIDUAL REVIEW



3.0 STAGE 1 – SELF-ASSESSMENT QUESTIONNAIRES

- 3.1 The first stage of the review process is the completion of the self-assessment questionnaires by the Board Members. The draft questionnaires will be sent to the Board Members next month for comments.
- 3.2 The first questionnaire is designed to establish views on the effectiveness of the Board as a whole – how well it performs its key roles, board dynamics and Board composition. This has to be completed by all Board Members.
- 3.3 The second questionnaire assesses the contribution and development needs of individual Board Members. This uses a competency based approach and provides for a comprehensive assessment. It is productive in terms of establishing clear development and support needs.
- 3.5 The first questionnaire (whole Board effectiveness) is returned to an assessor for analysis. This will be carried out by an external specialist firm. The second questionnaire, (individual performance) is for issue at individual interviews.

4.0 STAGE 2- BOARD DISCUSSION OF COLLECTIVE EFFECTIVENESS

- 4.1 Once the responses to the questionnaire on the effectiveness of the Board as a whole have been collated, the Board meets to discuss the overall results. This is often handled at an “away day” with independent facilitation.
- 4.2 A report or presentation will show the composite results on a non-attributable basis. Scores are aggregated with emerging themes and issues identified. In addition, the Company Secretary will normally provide a general report detailing governance activity over the previous year (changes in membership, recruitment and selection trends, attendance rates, training activities etc).
- 4.3 It should become clear at this stage whether there are areas for improvement in the Board’s collective effectiveness. This meeting is therefore an early opportunity to consider how to tackle identified weaknesses and whether any immediate action is necessary. Conversely, it may be a collective validation of the effectiveness of existing governance arrangements with discussion centred on action needed to maintain current performance.

5.0 STAGE 3 – INDIVIDUAL INTERVIEWS

- 5.1 Individual review interviews will be scheduled one year after appointment and at least bi-annually thereafter. These will be held with an independent assessor or that such a person attends in addition to the Chair.
- 5.2 At the individual interview, the Board Member’s self-assessment of his/her own contribution and any support needs will be discussed. An action note is

completed at or immediately after each interview and this should include measurable outputs and milestones.

5.3 The purpose of the interview is to:

- confirm the Board Member's future commitment and likely length of service;
- acknowledge the Board Member's individual contribution and the key strengths that the Board derives from his/ her membership;
- identify any support needs, agree on action necessary in response;
- identify any training or support needs that if resourced would help the member further develop their contribution to the Board;
- enable the Board Member to give personal feedback to the Chair; and
- provide an opportunity for private discussion of the result of the collective review exercise.

5.4 The review of the Chair follows individual interviews. A personal interview will be held with an independent assessor. This person would need to review all self assessment questionnaires and the action notes arising from individual interviews. The presence of the Chief Executive and/or another senior Board member may also be considered appropriate.

5.5 The interview with the Chair will follow the same format as the individual Board Member reviews. The Chairman's own self-assessment form will be reviewed and the outcome of the Board's review of its collective effectiveness will be considered and any personal implications for the Chair arising from this or feedback obtained at the individual reviews will be identified. An action note will confirm any decisions made.

6.0 STAGE 4 – OUTCOME MONITORING AND REVIEW

6.1 As discussed in section 2 above, the final and crucial stage of the process is the recording of results, Board discussion of the outcome (in summary form) and ongoing monitoring of the action taken.

6.2 The action notes produced at interviews should be held securely in one central place (with individual Board Members retaining copies of the notes resulting from their own interviews). A summary Board report should set out, in general terms, actions agreed (with key milestones) and any issues requiring the Board's further attention. This might, for example, include succession planning, training and development resources, reviews of committee structures and/or agenda planning. Comments should also be made on whether the review process was judged to be robust on the basis of the initial questionnaire results and actions subsequently agreed.

- 6.3 On the basis of this report and individual experiences, the Board will review the effectiveness of the review process itself and consider any changes it may wish to make for subsequent years.
- 6.4 The outcome of each review round and subsequent actions, both individual and collective, will feed into subsequent reviews. The extent to which measurable improvements can be demonstrated will be an important feature of a robust review system and will enable the Board to assess what value the process has added to its governance. Where identified performance improvements do not materialise, the Board will need to consider what further action is necessary at the collective or individual level.

Agenda Item 8i

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED

Open	
For information	
Board 28 th July 2011	
Report title:	Performance Dashboard report Q1 2011
Authority for decision:	The Board has ultimate responsibility for the performance of the organisation.
Recommendations:	Noting
Regulatory/legal requirements:	Monitoring of the organisation's Performance Indicators is good practice
Business Plan link:	Keeping our resident and customers centre stage
Equality Impact Assessment/comment:	None required
Resident consultation:	The TMO's Performance Indicators 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:	Existing resources
Risk:	If the Performance Management targets are not met there is a high reputational risk and the TMO's core business could ultimately be affected.
Appendices:	1
Total number of pages including appendices:	13

Name, position and contact details of author:	Yvonne Birch Head of Strategy and Engagement [REDACTED]
------------------------------------------------------	---------------------------------------------------------------

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

TMO BOARD 28th JULY 2011

REPORT BY HEAD OF STRATEGY AND ENGAGEMENT

PERFORMANCE INDICATORS FOR QUARTER ONE – 2011/12

1. PURPOSE

- 1.1 The purpose of this report is to advise the TMO Board of the TMO's performance for the period April 2011 to June 2011.

FOR INFORMATION

2. INTRODUCTION AND BACKGROUND

- 2.1. This report and the attachment at Appendix A give an overview of the performance of the TMO in key business areas during the first quarter of this financial year.

3. PERFORMANCE INDICATORS

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

4. OVERVIEW OF KEY BUSINESS AREAS

- 4.1. Detailed below are summaries from managers of the progress in their area during the last year.

5. REPAIRS & MAINTENANCE

5.1. Responsive Repairs

At 98.5% performance is above target and significantly improved on 2010/11 for resident satisfaction with the repairs service.

Outcomes were also good for the number of repairs with appointments made although the percentage of appointments subsequently met remains 4% off the annual target.

The average number of days to complete a responsive repair, whilst not yet as low as the TMO would like, has reduced by over 5 days when compared with the previous quarter.

The number of jobs failing post inspection remains high.

5.2. **Capital Works & Gas Safety**

The TMO Decent Homes failure rate is calculated by Keystone software using data gathered from the various sample condition surveys undertaken to-date. **We** are currently undertaking additional condition surveys in areas of concern to improve the available sample data and to better inform our current and future programmes of work. The areas targeted have indeed shown a higher proportion of decency related issues, thereby increasing the borough wide failure rate by 1%. Given these locations are included in programmes of work in the current and following years this situation will improve as works proceed.

The **SAP** rating has remained static since the previous quarter, an indication that as yet there have been no major building fabric improvements (such as insulation) since the previous quarter.

Gas compliance remains at 99.9%, just slightly under the target of 100%, representing just 4 properties without a current **CP12** certificate.

5.3. **Voids & Lettings**

At 29.5 days performance is off target for the first quarter; however, due to the low number of re-lets in this period it will be possible to recover from this poor start to the year.

An action plan has been produced by **Morrisons** to address the high void turnaround, and actions to be undertaken include;

- Review and agree the TMO's **Lettable Standard**
- Review sub-contractors and include in future meetings
- Agree and implement new staffing structure for **Morrison** void team

An initial analysis of July shows increased performance for the length of time taken to complete void works.

Staff sickness within the TMO voids team has impacted on workloads, but with the assistance of a member of staff brought in from another part of the TMO, the team have managed to continue undertaking all arranged viewings.

5.4. **Customer Service Centre**

All targets for the **Customer Service Centre** have been exceeded for the reporting period.

A number of factors have impacted on the improved performance including the introduction of a pool of casual bank staff which allows other members of staff to be released from their day to day duties to undergo additional training and development. The bank staff themselves have also undertaken training, much of which took place in May.

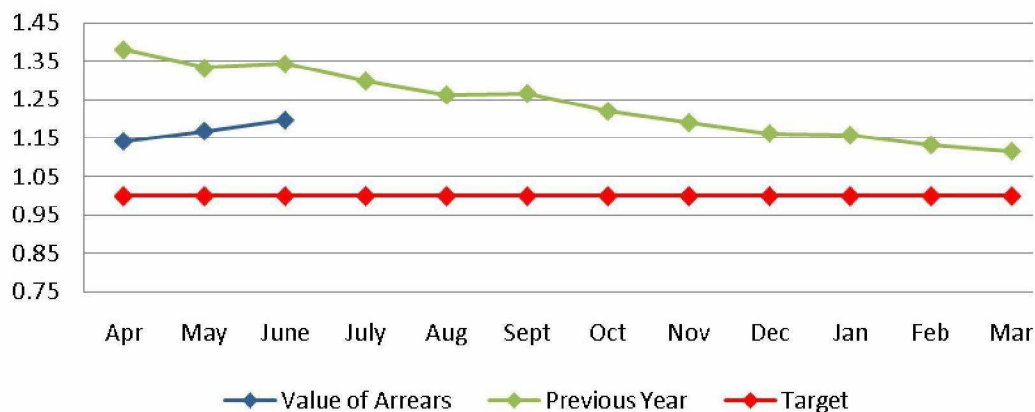
Customer Services and Repairs & Partnering are continuing joint working on developing processes to resolve contract issues.

6. RENT COLLECTION & ARREARS

6.1. Current Tenant Arrears

Performance has declined in the first quarter of the new financial year. The arrears have increased by £82.5K in total. Analysis has shown that the majority of this increase is attributable to 500 tenants who do not receive Housing Benefit and have been stretched by the April 2011 rent increase. A smaller number of tenants have been adversely affected by the simultaneous increase in Housing Benefit “non-dependant charges” (weekly deductions for adult children living in the property). Arrears have reduced amongst tenants who receive Housing Benefit and who are not subject to non-dependant deductions.

Total Rent Arrears (millions)



The Rent Income Manager has already taken a number of steps to address the rising arrears by:

- Staff contacting all tenants who pay by Standing Order who have not adjusted their payments to reflect the rent increase.
- Staff contacting all tenants who pay by Direct Debit who have not made an agreement to pay additional amounts to clear any rent arrears.
- Data cleansing to identify where there are credit balances on associated accounts, using the credit to offset any arrears.

Further measures are currently in progress, including a joint campaign with **Housing Benefit** targeting residents who do not currently receive housing benefit but whose eligibility may have changed since the April 2011 rent increase.

The prospects of improved collection are already showing – in the first week of July the collection rate increased from 98.58% to 99.52.

6.2. **Former Tenant Arrears**

At the end of June £0.42 million was outstanding on former tenant rent accounts, with a further £0.178m outstanding on sub accounts.

The FTA rent accounts have reduced this quarter as a result of £36,000 being written off by **RBKC** (specifically for debts over 6 years old where the tenant cannot be traced) and £6,000 being paid by traced former tenants.

A further £11,000 is awaiting approval for write-off by **RBKC**.

7. **NEIGHBOURHOOD MANAGEMENT**

7.1. **Anti Social Behaviour**

Performance information for customer satisfaction with the handling of **ASB** is unavailable for quarter one. Satisfaction surveys will be sent out in July for surveys closed between April and June.

The number of live **ASB** cases at the end of June remains at a steady level compared with previous quarters.

7.2. **Resident Engagement**

The Resident Engagement targets for 2011/12 include engaging with 2728 residents, and to increase the number of actively involved residents to 263, both of which represent a 20% increase on 2010/11.

Performance against these targets is projected to grow over the following months with the Resident Engagement Campaign kicking off with a number local Resident Engagement Roadshow events commencing in July 2011 through to June 2012.

8. **COMPLAINTS & CORRESPONDENCE**

8.1. **Complaints**

As of April, complaints received by the **TMO** are now logged and processed through the **EDRMS** system.

The below target performance of 76.8% for the first quarter can in part be attributed to the work that has taken place in adapting the **EDRMS**

system to allow the complaints process to follow through smoothly at each stage.

The **Complaints Manager** has been working closely with **ICT** on fine tuning the system, and developing a range of reports to enable extraction of relevant information on performance and trends.

8.2. **Correspondence**

With a year to date performance of 85.6%, the target of 90% for the percentage of correspondence responded to in target was not met.

Information has been extracted from the **EDRMS** system to identify where failures have occurred and a summary report will be forwarded to the relevant managers so that poor performance can be addressed going into the second quarter.

9. **HUMAN RESOURCES & GOVERNANCE**

- 9.1. The average number of sickness absences per employee for the first quarter was 1.7 days. If long term absences are excluded from the calculation then the average reduces to 0.4 days.

At 1.7 days we are on target to meet our year end target of 6.6 days.

10. **EQUALITY IMPACT ASSESSMENT**

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

11. **CONCLUSION**

- 11.1. The Board is asked to note the contents of the report.

Yvonne Birch
Head of Strategy and Engagement

Siobhan Bowman
Performance Manager

APPENDICES

- A) **KPI REPORT – April to June 2011**



Kensington
& Chelsea TMO

BOARD KPI REPORT - QUARTER 1 APRIL-JUNE 2011

DASHBOARD LEGEND



UQB

Upper quartile benchmark. In most cases this is obtained from the HouseMark report for London 2010/11. Where that is not available, it is obtained from the HouseMark National or ASB report.

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

BOARD KPI REPORT - QUARTER 1 APRIL-JUNE 2011

REPAIRS and CSC

	2010-11				2011-12				
	Q2	Q3	Q4	Outturn	Q1	YTD	Status	Target	UQB
Responsive repairs									
Post inspection failure rate		27.8%	23.1%		23.9%	23.9%		10.0%	
Overall satisfaction	66%		89%		99%	99%		98%	
Average time to complete			18.6		13.0	13.0		9.0	5.4
Appointments made			88%		88%	88%		80%	
Appointments kept			95%		94%	94%		98%	
Right first time			78%		90%	90%		90%	92.8%
Gas servicing									
Properties with valid CP12	100.00%	99.98%	99.89%	99.89%	99.9%	99.9%		100%	100.00%
Properties without CP12	0	1	5	5	4	4		1	
Without CP12 > 3 months	0	0	0	0	0	0		0	
Forced entries					0	0			
Customer Service Centre									
Calls answered	17,793	16,381	17,089	64,397	15,377	15,377			
Calls abandoned (%)	17.5%	21.8%	11.5%	17.2%	3.6%	3.6%		10.0%	
Average waiting time (secs)		102	74	73	21	21		40	15
Answered within 40 seconds									
Void performance									
Number of re-lets	56	50	39	213	33	33			
Re-let time (calendar days)	25.0	23.2	23.8	26.7	29.5	29.5		24.0	22.3
% rental loss	0.73%	0.54%	0.55%	0.66%	0.77%	0.77%		0.75%	0.51%
Units being prepared for letting	58	45	53	54	72	72			
Units unavailable for letting	9	9	11	10	9	9			

BOARD KPI REPORT - QUARTER 1 APRIL-JUNE 2011

RENT AND LEASEHOLD

	2010-11				2011-12				
	Q2	Q3	Q4	Outturn	Q1	YTD	Status	Target	UQB
Rent collection									
Collection including arrears	96.57%	96.86%	97.42%	97.42%	96.00%	96.00%		97.6%	
Collection excluding arrears	100.10%	100.35%	100.94%	100.94%	98.58%	98.58%		100.4%	100.63%
Current arrears (£million)	1.267	1.162	1.115	1.115	1.197	1.197		1.00	
Arrears as % rent roll	3.36%	3.06%	2.91%	2.91%	2.94%	2.94%		2.4%	3.0%
% of arrears over 7 weeks	7.7%	7.4%	6.2%	6.2%	6.9%	6.9%		6.0%	5.3%
Former Tenant Arrears									
Rent account (£million)	0.636	0.560	0.430	0.430	0.420	0.420		0.355	
Leasehold									
Service Charges collection rate	114.0%	111.3%	109.1%	112.1%	21.9%	21.9%		26.3%	
Major Works collection rate	348.9%	556.2%	1310.4%	294.4%	35.4%	35.4%		41.4%	
Change in SC arrears (£thou)	-113.9	-88.5	-71.9	-382.0	81.0	81.0		47.0	
Change in MW arrears (£thou)	-365.0	-421.4	-355.3	-1281.8	-255.0	-255.0		173.0	
Resident satisfaction									
With overall service	77%		74%	74%	\	\		75%	
Asset Management									
% non-Decent Homes				3%	4%	4%		0%	0.0%
Average SAP rating				66	66	66		69	74
% Capital Programme delivery				86.0%	97.7%	97.7%		100.0%	
Digital TV faceplates				6%	46%	46%		100%	

BOARD KPI REPORT - QUARTER 1 APRIL-JUNE 2011

NEIGHBOURHOOD MANAGEMENT

	2010-11				2011-12			
	Q2	Q3	Q4	Outturn	Q1	YTD	Status	Target
Grounds maintenance								
Failed inspections	3.2%	2.7%	2.9%	3.1%	3.4%	3.4%		5.0%
Satisfaction w/gardening	79.0%	76.4%			\	\		85.0%
Cleaning								
Callbacks	164	93	70	490	67	67		400
QA failures	12	5	0	22	2	2		20
Satisfaction w/cleaning	79.0%				\	\		80.0%
ASB								
New cases	186	127	138	551	170	170		
Live cases	268	267	282	260	286	286		
Closed cases	86	168	82	464	104	104		
Satisfaction with handling					\	\		
Successfully resolved					\	\		
Community Alarms Service								
Total Calls Received	19,488	18,010	23,326	58,367	21,805	21,805		
Answered within 60 seconds	97%	97%	97%	97%	98%	98%		90%
Visits attended within 45 mins	96.0%	95.0%	99.0%	96.1%	96.5%	96.5%		90%
Customer satisfaction	99.6%	98.9%	100.0%	99.6%	99.0%	99%		90%
Resident involvement								
Number of engaged residents					329	329		2728
Number of actively engaged residents					9	9		263
Number of new RA or Compacts					1	1		43

BOARD KPI REPORT - QUARTER 1 APRIL-JUNE 2011

COMPLAINTS AND CORRESPONDENCE



	2010-11				2011-12				
	Q2	Q3	Q4	Outturn	Q1	YTD	Status	Target	UQB
Complaints									
Stage 1 complaints answered	52	50	61	219	46	46			
% answered in target	89%	77%	84%	85%	76.1%	76.1%		90%	
Stage 2 complaints answered	13	9	10	39	10	10			
% answered in target	92%	72%	70%	86%	80%	80%		90%	
Appeals answered	2	4	2	11	0	0			
% answered in target	100%	100%	100%	100%	n/a	n/a		90%	
Satisfaction with handling			25%	25%	\	\			
Correspondence									
EDRMS volume					376	376			
EDRMS turnaround					85.6%	85.6%		90%	

BOARD KPI REPORT - QUARTER 1 APRIL-JUNE 2011

HR, GOVERNANCE, HEALTH & SAFETY



	2010-11				2011-12			
	Q2	Q3	Q4	Outturn	Q1	YTD	Status	Target
Human resources (quarterly)								
Total establishment	195	192	189	189	195	195		
Agency staff (%)	17%	18%	15%	15%	13.8%	14%		
Sickness days absence per employee	2.8	2.1	8.3	8.3	1.7	1.7		6.6
Sickness days absence less long-term	0.5	0.6	5.0	5.0	0.4	0.4		
Governance (quarterly)								
Percentage attendance	79%	87%	71%	74%	86.7%	87%		

Agenda Item 8ii

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED

Open	
For comment	
TMO Board 28th July 2011	
Report title:	Business Plan Monitoring Report April – June 2011 - Quarter 1
Authority for decision:	The Board is asked to comment on the report
Recommendations:	Comment only
Regulatory/legal requirements:	Monitoring of the organisation's Business Plan is good practice.
Business Plan link:	Monitoring the whole Business Plan.
Equality Impact Assessment/comment:	No adverse affect to any group.
Resident consultation:	The TMO's Business Plan has 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:	Existing resources
Risk:	If the Business Plan targets are not met there is a high reputational risk and the TMO's core business could ultimately be affected.
Appendices:	1
Total number of pages including appendices:	16
Name, position and contact details of author:	Yvonne Birch Head of Strategy and Engagement



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

**TMO BOARD
28th JULY 2011**

REPORT BY THE HEAD OF STRATEGY AND ENGAGEMENT

BUSINESS PLAN MONITORING REPORT APRIL - JUNE 2011 - Quarter 1

1.0 Purpose	
1.1 This report presents the progress at the end of Quarter 1 towards meeting the Business Plan Strategic Priorities.	
	FOR COMMENT

2.0 Introduction

- 2.1 The Business Plan 2009 – 2014 was agreed by the Board at its March 2010 meeting.
- 2.2 At that meeting, it was stressed that the Business Plan was a living document that would be continually assessed, updated and reviewed. As part of this process, it was agreed that quarterly progress reports would be brought to the Board as part of the executive reassurance and control procedures to the Board and its committees. This is the first monitoring report of this financial year.

3.0 Business Plan Objectives

- 3.1 In Appendix 1, the Business Plan Objectives have been up-dated to show their progress towards the Business Plan Objectives at the end of Quarter 1 (30th June, 2011).
- 3.2 The 'Comments' column is coloured as follows:

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

4.0 Progress

4.1 Senior managers have up-dated the Appendix at the end of Quarter 1.

Of the thirty one items:

- 2** items have been fully completed
- 19** items are on target for completion with individual items within the objective already complete.
- 4** items are amber because there is further work to do to fulfil the needs of the **Strategic Priority** or because timescales have been revised.
- 6** target for completion scheduled for later in the year.

5.0 Recommendations

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

**YVONNE BIRCH
HEAD OF STRATEGY AND ENGAGEMENT**

**JANET SEWARD
POLICY & IMPROVEMENT MANAGER**

Appendix 1



Business Plan 2011/12

Up-date Quarter 1

Service Plan Staff key	
CEO	Chief Executive's Office
CO SEC	Company Secretary
POD	People & Development
S&E	Strategy & Engagement
BIT	Business Improvement Team
FIN	Financial Services
ICT	Information , Communications & Technology
HO	Home Ownership
P	Partnering
CSC	Customer Service Centre
AIE	Asset Investment & Engineering
NS	Neighbourhood Services
SH	Supported Housing
ET	Executive Team
SMT	Senior Management Team
D	Director
AD	Assistant Director
Ho	Head of

Risk	Level
H	High
M	Medium
L	Low

Progress key	
	Completed item
	Item on target for completion
	Item delayed but there is a robust plan for completion
	Item delayed and there are serious concerns regarding its completion
	Target for completion of item scheduled for later in the year

Lead	Business Plan Objective	Actions	Service Plan	Target Date	Risk	Comments
1. Keeping our customers and residents centre stage						
CEO	Improve customer satisfaction by 10%, from baseline of 68%, over the life of the Business Plan	Improve access to our services by <ul style="list-style-type: none"> Opening Blantyre reception and offices 	POD & CEO CSD	Q 3	L	A full project plan is in place although a key milestone date for moving out all staff has been missed. The project is still, to date, expected to be on target.
		<ul style="list-style-type: none"> Offering space at our receptions to other service providers to provide more services to our residents and vfm. 		Q1	L	The Royal Borough of Kensington & Chelsea's Housing Team come to the reception area at Network Hub every Thursday for scheduled appointments or drop-in sessions in one of the interview rooms on housing queries. The Assistant Director (Contact & Access) is working with the Resident Engagement Team to ascertain what other services residents want to see in the reception area.
		<ul style="list-style-type: none"> Enabling web access at receptions 		2013		
		Measure improvements in satisfaction: <ul style="list-style-type: none"> Consolidate all individual 	S&E	Q1	L	The Resident Engagement Team are using TP Tracker to monitor satisfaction and the system will be rolled-out to other teams.

Lead	Business Plan Objective	Actions	Service Plan	Target Date	Risk	Comments
		satisfaction surveys and report them through TP Tracker				
		<ul style="list-style-type: none"> Measure telephone and repairs and complaints satisfaction and report quarterly throughout the year. 		Q1-4	L	Performance indicators are reviewed by Board, the Operations Committee, Area Review Boards and put on the website.
		<ul style="list-style-type: none"> Investigate annual satisfaction survey to replace STATUS 		Q3	L	
		<ul style="list-style-type: none"> Launch new Service Standards and publish new Resident Handbooks 		Q1	M	Resident Engagement Panel on 30 th June agreed that the Residents' Reading Group will scrutinise these publications. The Reading Group will be convened in August ready for launch of the Service Standards in Quarter 3.
		<ul style="list-style-type: none"> Ensure all new front line staff join customer service training 	CSC	Q1-4	L	This is on track and comprises:- <ol style="list-style-type: none"> 1. Call handling training 2. Customer Services NVQ's 3. Shadowing and coaching.

Lead	Business Plan Objective	Actions	Service Plan	Target Date	Risk	Comments
DirPOD Dir CS BIT	Improve communications with residents	<ul style="list-style-type: none"> Embed Communications Strategy and put in place corporate branding Raise profile of TMO externally with positive press coverage overhaul of website and proactive seeking of awards. 	POD	Q4	L	Branding refreshing and revamping of Link magazine complete in consultation with newly formed Residents' Reading Group. Redesigned accessibility statement for use on all key information. Ongoing development of website including photos, and e-magazines. Homeownership part of the website if fully updated. All of documents have been revamped by Communications Manager.
		<ul style="list-style-type: none"> All service plans to reflect outcome of TMO in Touch Report back to residents on results of TMO in Touch 	All All plans	Q1-4	L	TMO in Touch results currently being put into a report for distribution.
			BIT	Q2	L	
		<ul style="list-style-type: none"> Procure out of hours contract to ensure good quality and comprehensive call handling 	P	Q1	L	Procurement proceeding with a view to having a contract in place by September.
		<ul style="list-style-type: none"> Upgrade telephone system and measure success of improvements at call centre and use of receptions 	ICT	Q3	L	Customer service telephone is now installed. The system went live on 30th June 2011.

Lead	Business Plan Objective	Actions	Service Plan	Target Date	Risk	Comments
HoS&E	Enhance resident engagement and increase Membership by 10% over life of the Business Plan	<ul style="list-style-type: none"> Review and update resident engagement strategy and increase numbers and opportunities to participate Carry out profiling of engagement structures to ensure nominees are representative of the community Ensure training programmes are developed to meet the needs of residents and build capacity Raise the profile of Resident Engagement and embed throughout the organisation by developing a common objective for performance appraisals. Monitor and report quarterly to residents on the delivery of the Local Offers 	All Plans	Q1-4	L	<p>Strategy being up-dated.</p> <p>Resident Engagement Team launching 'Get on Board' at road shows to increase resident involvement. Use TP Tracker to identify interested residents.</p> <p>Training Programme produced.</p> <p>Resident Engagement Team restructured and road shows being launched.</p> <p>Local Offers regularly up-dated.</p>

Lead	Business Plan Objective	Actions	Service Plan	Target Date	Risk	Comments
Co Sec		<ul style="list-style-type: none"> Develop and implement an action plan to increase membership to represent our communities 				Road shows being run between July and October.
DCS ADHO	Improve partnering arrangements for service delivery	<ul style="list-style-type: none"> Develop an Asset Management Panel and involve residents in procurement and contract management 	AIE	Q1	M	Initial workshops held with perspective resident panel members. Start of panel deferred to allow for the remit of the panel to be further developed.
		<ul style="list-style-type: none"> Develop and implement estate and block based asset delivery plans 		Q1-4	M	All estate components cost over 30 yr period from Keystone identified.
		<ul style="list-style-type: none"> Increase Direct debit options and improve information and access for homeowners 	HO Fin & ICT	Q2	L	Direct debit forms going out with all invoices and work nearly complete so that direct debits can be set-up over the phone.
ADNS	Determine strategy for future agency management arrangements with Lancaster West EMB	<ul style="list-style-type: none"> Implement restructure of team and establish a service improvement plan Participate in reviewing the EMB SLA. 	NS	Q4		
	Maximise rent income collection to achieve top quartile	<ul style="list-style-type: none"> Address additional challenge/threat posed by HB non-dependant 		Q1		A joint campaign with Housing Benefits and other measures are in progress to identify tenants whose

Lead	Business Plan Objective	Actions	Service Plan	Target Date	Risk	Comments
		increases. Rental income from HB to reduce by £136K. Impact of rent increase to challenge Rent Income Team to maintain collection rates.				eligibility for Housing Benefit may have changed.
	2. Being competitive and increasing our income					
CEO, DFin	Deliver efficiencies and a value for money strategy	<ul style="list-style-type: none"> • Manage the HRA budgets • Deliver vfm plan and challenge PIs for efficiency savings • Develop thirty-year investment strategy • Use EDRMS to look at work processes and where we can make savings • Participate as an active partner in work streams flowing from Stock Options review • Work with RBKC on transition of HRA to 30 	All plans	Q3		

Lead	Business Plan Objective	Actions	Service Plan	Target Date	Risk	Comments
		year Business Plan <ul style="list-style-type: none"> Manage and work within our budgets 				
		<ul style="list-style-type: none"> Develop a procurement plan which delivers efficiency savings 	ADAIE	Q1-4	L	Work in progress.
DPOD, HS&E	Deliver top quartile performance within a vfm context	<ul style="list-style-type: none"> Agree a performance management framework and embed culture of performance management 	BIT	Q2	L	Permanent Performance Manager commenced end of Quarter 1. The Performance Manager is currently meeting managers and reviewing information.
		<ul style="list-style-type: none"> Ensure PIs are benchmarked and maximise the number of benchmarking clubs 		Q1	L	
CEO HoS&E	Maximise income from existing assets and by generating new business income	<ul style="list-style-type: none"> Review parking strategy and recommend other options to increase income. Look at ways to expand business, seek new business and reduce overheads 	BIT	Q4	L	Project Manager appointed at the beginning of Quarter 2. The Project Manager will be reviewing current projects.

Lead	Business Plan Objective	Actions	Service Plan	Target Date	Risk	Comments
HoSH		<ul style="list-style-type: none"> Work with RBK&C to develop hidden homes as a pilot to the development of new housing opportunities Review MMA to enable framework that enables us to bid for new opportunities 				
		<ul style="list-style-type: none"> Increase CAS net profit by promoting and marketing services 	SH	Q1-4	M	CAS income under threat due to recent changes in SP funding which means sheltered providers will no longer get SP grants (so can no longer commission services directly from TMO), and other SP money will no longer be ring-fenced.
3	4. Developing organisational competence					
CEO CO SEC DCS DPOD HoS&E	Develop TMO governance	<ul style="list-style-type: none"> Embed Risk Management including management of contracts Embed Business Continuity Review Constitutional changes 	CEO Team All Plans	Q1-4	L	<p>All teams have risk maps. The TMO Risk Management system has been found satisfactory by Internal Audit.</p> <p>A Business Continuity strategy and procedure has been developed and is now being reviewed. The TMO Business Continuity system has been</p>

Lead	Business Plan Objective	Actions	Service Plan	Target Date	Risk	Comments
		<ul style="list-style-type: none"> Introduce Board Development Programme 				<p>found satisfactory.</p> <p>A Board Development Programme is being introduced.</p>
	Implement Staff Development Programme	<ul style="list-style-type: none"> Roll out values and behaviours strategies in annual development plans 	POD	Q1&3	L	Values and behaviours now being rolled out to the Managers' Forum and to all staff in October.
		<ul style="list-style-type: none"> Support team development 		Q4		Awayday and management development planned for Quarter 2.
				Q1		Done.
		<ul style="list-style-type: none"> Investigate options for developing customer relations exercise 		Q4		
			ADN M			
HoICT	Review the ITC strategy	<ul style="list-style-type: none"> Review the ITC strategy and make fit for purpose 	ICT	Q1-4	L	Draft Strategy document will be completed by end of Q3
HoS&E	Implement Equality Action Plans ensuring Equality and Diversity is full embedded in service action plans, appraisals, 1	<ul style="list-style-type: none"> Review the Equality and Diversity Strategy Implement Equality Action Plan 	SMT & ET	Annually	L	Equality and Diversity Officer was appointed at the end of 2010/11. He is currently reviewing and up-dating the TMO's Equality & Diversity Strategy and work generally.

K&C TMO Business Plan 2011/12



Lead	Business Plan Objective	Actions	Service Plan	Target Date	Risk	Comments
	to 1 and all team meetings	<ul style="list-style-type: none"> Carry out Equality Impact assessments Review corporate diversity 				
ET	Accredit Key Services and processes externally	<ul style="list-style-type: none"> Achieve Sunday Times TOP 100 business status 	All Plans	Q4		

Agenda Item 9

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED

Open

For information

Board – 28th July 2011

Authority for decision:

N/A

Recommendations:

- Board are asked to note –
1. the Health & Safety Annual report for the period from 1st April 2010 until 31st March 2011 and
 2. The highlights of this report and the main objectives for the coming period as set out in the Executive Summary.

Regulatory/legal requirements:

Health & Safety At Work etc. Act 1974 and associated Regulations and Approved Codes of Practice Order, duties under common law etc.

Report title:

KCTMO Health & Safety Annual Report 2010 / 2011

Business Plan link:

The requirement to produce an Annual Health and Safety Report in relation to employees, contractors and residents.

Equality Impact Assessment/comment:

Resident consultation:

Residents consultation / liaison takes place with regard to a number of

	health & safety issues. Specifically, with regard to fire risk assessments, location of asbestos, accident investigation, gas servicing etc.
Resource implications/VFM statement:	Competitive tendering undertaken to procure fire risk assessor and the consultant finally appointed submitted the most competitive price and was also assessed by KCTMO & RBKC as providing the best quality.
Risk:	Ensure employees, contractors and residents are not exposed to unreasonable levels of health and safety risk.
Appendices:	Executive Summary & KCTMO Health & Safety Annual Report
Total number of pages including appendices:	27
Name, position and contact details of author:	Janice Wray KCTMO Health & Safety Adviser [REDACTED]

KENSINGTON & CHELSEA TENANT MANAGEMENT ORGANISATION
HEALTH & SAFETY ANNUAL REPORT 2010/11 – EXECUTIVE SUMMARY

1. INTRODUCTION

- 1.1 For several years Kensington & Chelsea Tenant Management Organisation (KCTMO) has produced an Annual Health & Safety Report reviewing progress in the previous twelve months and setting out priorities for the coming period.
- 1.2 This is an Executive Summary of the Annual Report which relates to the period commencing on the 1st April 2010 and ending on the 31st March 2011 (the “reporting period”).
- 1.3 This document highlights the main health and safety achievements in this reporting period and summaries the objectives for the next period. A detailed picture is set out in the Report itself.
- 1.4 This report considers the health and safety of residents, employees and contractors.

2. HEALTH & SAFETY RELATIONSHIP BETWEEN TMO & RBKC

- 2.1 KCTMO remains the managing agent for RBKC’s housing stock whilst the Council retains ownership of the stock. This means that health and safety responsibilities are considered by the enforcement bodies to be shared.
- 2.2 RBKC continues to monitor KCTMO’s health and safety performance to ensure that statutory responsibilities are complied with, best practice adopted and the environment that our residents live in and our employees and contractors work in is as safe as reasonably practicable.

3. HIGHLIGHTS OF THE HEALTH & SAFETY ANNUAL REPORT

- 3.1 No enforcement action was taken against KCTMO in this period.
- 3.2 Although health and safety is integral in the day to day work of the organisation, outlined below the main areas where significant progress was made in this twelve-month period -

- **Fire Risk Assessments (FRAs)**

Work in this area continues to be done in consultation with RBKC and the London Fire Brigade’s (LFB) Borough Fire Safety Team. Competitive tendering was undertaken and a Consultant appointed to carry out the FRAs on the medium risk programme. Assessments commenced on site in October 2010 and the consultant completed this programme on schedule in May

2011. The low-risk programme is due to commence in August 2011. There has been sustained progress to complete the recommendations made in the Assessment Action Plans. In particular, the flat entrance door replacement programme commenced on site in this reporting period. Further KCTMO remain within the timescales set by the LFB for completion of the Assessments and also for completion of the actions identified.

- **Annual Servicing of Gas Appliances & Installation pipework**

In line with the Audit Commission's view of best practice the need to move to an alternative access procedure had been highlighted previously. Extensive work was undertaken in this reporting period and a new procedure implemented which utilises the Environmental Protection Act 1990 Part III to obtain access for servicing. This was a significant change and involved a great deal of consultation with Counsel, RBKC's Legal Services and Environmental Health Departments, liaison with our contractors and hard work and commitment from our technical staff. This new procedure was successfully introduced and our increased access rate of 99.88% further demonstrates the success this has brought.

- **Water Quality and Legionella Prevention**

KCTMO continued to comply with the legislation in this area. Specifically, annual inspection and sampling programme was completed effectively and on time, the two-yearly review of water quality risk assessments were undertaken were due and all assessments remain current. Additionally, the ongoing regular maintenance at the highest risk premises (sheltered blocks and temporary accommodation) continued. Finally, capital funding was secured in this period to facilitate the programme of communal cold water storage tank replacement which will be undertaken in the coming period.

- **Asbestos**

A number of initiatives were identified to facilitate better sharing of asbestos information with, initially, our contractors and, in the slightly longer term, our residents. In particular, extensive work to "clone" asbestos data as required by the previous years' health and safety audit was undertaken. Additionally, the ongoing programmes of asbestos surveys in void dwellings and communal areas and advising residents of the location of asbestos containing materials in their home continued.

- **Health & Safety Training**

A number of 1-day courses aimed at Managers were arranged and a total of twenty-five managers attended. Additionally, fourteen members of the estate staff undertook a 1-day course tailored to their working environment and their specific needs. The evaluation from these courses demonstrated how

successful these had been and how useful employees found them. These courses supplemented the regular health & safety training on fire safety, first aid, risk assessment, induction etc.

- **Accidents & Violent Incidents**

Both accidents and reports of abuse / threatening behaviour etc. showed a reduction over the previous year's figures. Specifically, in relation to employee health and safety only four accidents were reported - one of which was reportable to the Health & Safety Executive as the employee missed several days of work, with the remaining three accidents being minor where no working time was lost. The number of reported violent incidents reduced from fifty-two in the previous period to forty-two and in particular a marked reduction in the number involving employees (down from 36 to 19). We are hopeful that this trend will continue.

- **Policies & Procedures**

A number of policies and procedures were reviewed and updated in this period – notably the **KCTMO Health & Safety Policy Statement**. We also now include an appendix on the Annual Report setting out the review date for all our Health & Safety Policies & Procedures.

4. KCTMO Health & Safety Objectives for 2011/2012

- 4.1 We are always keen to continue improving performance, reducing risks and improving the health and safety of our employees, our residents and our contractors. As such, in addition to the ongoing day to day operational health and safety here are some specific objectives we have adopted for the next twelve months -

- **Fire Risk Assessments**

We aim to successfully conclude the medium risk programme and instigate and if possible also complete the low-risk programme. Resource-permitting we should also conclude the flat entrance door replacement programme and as many of the other Action Plan recommendations as possible.

- **Health & Safety Communal Inspection Programme**

It is our intention to kick-start this programme early in the next reporting period and inspect all communal areas within that 12-month period – with higher risk blocks i.e. sheltered blocks and temporary accommodation being done on a 6-monthly basis.

- **Contractor Monitoring**

It is our intention to undertake more rigorous contractor vetting in advance of works commencing on site and also contractor monitoring – ensuring contractors are working as per their method statements, using safe practice etc.

- **Eradicate Pirate Radio Installations**

There has been a substantial amount of liaison with the Metropolitan Police and the regulators, Ofcom, and it is the intention to resource a joint initiative to exclude these installations from our properties. This is a significant challenge as previous attempts to achieve this have been met with continued and sustained resistance from the pirate radio operatives. However, this work will be taking priority.

- **Re-procurement of asbestos service**

There is a need to re-tender asbestos surveying, analytical services and removal work in the coming period.

- **Residents Handbook**

To be reviewed and updated in the coming period. Section 5 covers health and safety and this will be re-written to ensure residents have the information they require.

- **Website**

To improve and increase the resident health and safety information and guidance on the KCTMO website

5. Conclusion

5.1 KCTMO acknowledges the need to strive for continuous improvement in all aspects of health and safety. A significant amount of health and safety work has been successfully undertaken in this period and progress has been made in many areas some of which are outlined above. Specific objectives for the coming period have also been set out.

5.2 Full details of KCTMO health and safety performance in 2010/11 can be obtained from the full Health & Safety Annual Report.

Janice Wray

Health, Safety & Facilities Manager

July 2011

1. INTRODUCTION

- 1.1 This report provides an overview of Kensington & Chelsea Tenant Management Organisation's (KCTMO) management of health & safety during the twelve month period ending 31st March 2011. It reviews progress with our objectives and sets out our health & safety priorities for the coming year (11/12). As with previous year's reports we have endeavoured to present information on health & safety performance across a wide spectrum of activities relating to the safety of employees, contractors and residents.
- 1.2 KCTMO continues to consult employees on health & safety issues via the Health & Safety Committee which meets bi-monthly and reports to the Executive Team. This Committee is chaired by the Director of People and Organisational Development and is made up of management representatives, union-appointed Health & Safety Representatives and Health & Safety staff.
- 1.3 Health & Safety policies, procedures, proformas and report forms remain available to employees via the KCTMO intranet (under Human Resources / Health & Safety). Appendix A lists KCTMO H&S Policies & Procedures and sets out when their review is next scheduled.

2. HEALTH & SAFETY RELATIONSHIP BETWEEN KCTMO & RBKC

- 2.1 KCTMO remains the managing agent for RBKC's housing stock and the Council retains ownership of the stock. As such, RBKC retains some responsibilities for the Health & Safety of the residents and their homes. Therefore, for the purposes of the Health & Safety Executive (HSE) and the London Fire & Emergency Planning Authority (London Fire Brigade - LFB), the enforcing bodies, the responsibilities would be considered to be shared.
- 2.2 With regard to the specific example of fire safety and compliance with the Regulatory Reform (Fire Safety) Order 2005, this is operationally delegated to KCTMO. However, in the event of a breach of these Regulations the London Fire Brigade would consider the KCTMO and the Council to be jointly liable and would serve an Enforcement Notice on, or pursue prosecution against both organisations.
- 2.3 RBKC monitors KCTMO's Health & Safety performance in order to satisfy itself that we are complying with our statutory responsibilities, adhering to best practice and ensuring the best possible environment for the residents to live in and for our employees and contractors to work in. Specifically, the RBKC Corporate Health & Safety Adviser receives the minutes of the bi-monthly KCTMO H&S Committee meetings and he also receives this Annual Report. Additionally, the KCTMO Health & Safety Advisor attends the Council's regular Health & Safety Main Coordinating Committee. Finally, the Council is notified promptly of any major incidents, accidents or significant near-misses and is informed of progress of ongoing

investigations. Clearly, if meetings are required e.g. to discuss a specific accident or dangerous occurrence these can be convened at short notice. It should be noted that in some specific areas e.g. fire safety, the **KCTMO** and **RBKC** have worked together with the **LFB** (the enforcement body) initially to jointly agree our approach, timescales etc. and more recently to monitor progress, performance and compliance with the legislation.

3. KCTMO HEALTH & SAFETY POLICY

- 3.1 The **KCTMO** Health & Safety Policy Statement accepts our responsibilities for and sets out our commitment to health & safety. Specifically, the policy statement acknowledges our commitment to ensuring the health, safety and welfare of our employees, residents, contractors, visitors, and members of the public i.e. all people who could potentially be affected by our work. Whilst it is expressly stated in this policy that the Chief Executive is ultimately responsible for health & safety, this policy and its implementation, in the first instance all managers are responsible for the health & safety of their staff and the operations under their control. The policy statement has been reviewed in the reporting period and in the absence of any significant changes in work, working environment, legislation etc. will be due for review again in March 2013.
- 3.2 This policy can be obtained from the Health & Safety Team and a copy is also available to all employees via the **KCTMO** intranet.

4. ROLE OF HEALTH & SAFETY TEAM

- 4.1 A Facilities Coordinator has now joined the Health & Safety Team and in addition to responsibility for liaising with the landlords at our main offices, ensuring adequate welfare facilities, effective security arrangements etc. he will be assuming an increasing role in relation to workplace health and safety.

5. HEALTH & SAFETY WORK COMPLETED IN THE REPORTING PERIOD

5.1 Policies, Procedures, Briefing Notes and Committee Reports

- 5.1.1 The **KCTMO** has a number of Health & Safety policies and procedures which are reviewed regularly and also when there are major changes to the organisation, new legislation is introduced etc. In particular, the following documents were produced, reviewed or updated during the reporting period and can generally be found on the **KCTMO** intranet. It is expected that any staff who do not have access to the intranet will be briefed by their line manager during their team meetings.

- **Health & Safety Policy Statement** reviewed
- **Emergency Plan** – kept constantly under review and updated to take account of new out of hours arrangements, management & personnel changes etc.
- **Progress with Fire Risk Assessments** – regularly reported to **KCTMO** Committees (Board and Operations Committee) and also **RBKC**'s Committees (Overview & Scrutiny)
- **Gas Access** procedure drafted to reflect new arrangements to obtain access using the **Environmental Protection Action (EPA)**

- Accident Report Form and Accident Reporting Procedure updated
- Fire procedures for main KCTMO offices redrafted
- Staff consultation undertaken on update / review of violent incident reporting procedures

5.2 Other achievements in 10/11

5.2.1 Other areas of work which were identified as objectives for this reporting period and have now been successfully progressed are –

- **Gas Servicing** - 99.88% (up from 99.6% in 2009/10) access was achieved for gas servicing. (Access rate for council-owned individual gas appliance servicing was 99.89% and for installation pipework inspection and servicing was 99.87% making the overall access rate 99.88%.) This falls within the top quartile performance figures and is a very significant achievement.
- **Gas Access Procedure** - Extensive work was undertaken in this year to move to an alternative access procedure which is fully compliant with the Audit Commission's view of best practice. Specifically, this new procedure utilises the powers granted under the Environmental Protection Act 1990 Part III to gain lawful entry where access is unreasonably withheld by a tenant. Whilst RBKC had given "Delegated Authority" in the previous period there was still a significant amount of fine tuning of the procedure, in close liaison with RBKC's Legal Services Team, Environmental Services Team and Counsel to ensure that the final adopted process complied with all necessary requirements. Additionally, it should be acknowledged that KCTMO Gas Engineers have liaised with our gas servicing contractor throughout the procedure development process. The Procedure has now been finalised and implemented including all necessary staff training. Initially the new procedure was introduced to run in parallel with the old one to ensure that performance remained consistent and a smooth transition would be achieved. However, the EPA access procedure has been used exclusively as of late November 2010 and appears to be running well with the first warrant for access being granted by the Court on 16th March 2011.
- **Asbestos** – management surveys continue to be undertaken in void dwellings and the communal area survey programme is also ongoing. Extensive work undertaken to move records to the Keystone database and work towards sharing more comprehensive information with contractors and residents in the near future.
- **Water Quality Risk Assessment** – performance to comply with legislation continued within this reporting period. Specifically, annual inspection and sampling programme was completed effectively and on time and the two-yearly review of water quality risk assessments has been undertaken where reviews were due. As such, in the reporting period re-assessments have been completed for the Priority Two properties (blocks where hot water is provided by central plant). Additionally, the maintenance regime - which includes regular temperature checks of taps and descaling of communal showers etc. - continues at the Priority One blocks (sheltered housing and temporary accommodation). Capital funding has been secured to resource the programme of tank

replacement which had been identified by our specialist contractor and this programme commenced at the very end of the reporting period.

- **Engagement with LFB** – re: lift shut-ins continues. **We** have sought statistics from the Fire Brigade to clarify the amount of times they have been called to attend lift shut-ins at our blocks. The statistics available do show a reduction in the volume of calls but also indicate that the LFB had, on occasions, attended shut-ins that the KCTMO had been unaware of. In these circumstances KCTMO were unable to instigate the necessary investigation into the lift performance which leaves the real possibility of further problems and further shut-ins. The KCTMO and RBKC have both, therefore, asked the LFB's Borough Commander if the previous informal arrangement could be reinstated whereby the LFB would advise the KCTMO by e-mail within 24 hours of their attendance at each lift shut-in at a KCTMO block.

Additionally, contractors response times and attendance procedures have been reviewed and found to be comparable to and generally better than those in neighbouring boroughs. Therefore, our staff and our out of hours call handlers have been advised that we must call our lift contractors to attend to all lift shut-ins. The LFB have confirmed that they will attend in situations where there is a medical emergency or where the trapped person is in grave distress. It is our intention to publicise this further in KCTMO Link and also on our website.

- **Fire Risk Assessments** – Following on from the previous reporting period, significant progress has been made (details provided later in the report at 7.1 below). However, in summary, KCTMO continues to work closely with RBKC and the LFB to progress our Risk Assessment Programme. Having completed the High Risk programme in the previous reporting period, in this period the KCTMO re-tendered and appointed a consultant to complete the medium risk programme. This programme commenced on site in October 2011 and is on schedule to complete in May 2011 when it is our intention to move on to the low risk programme. Additionally, the flat entrance door replacement programme identified by the FRAs has been clarified, tendered, contractors have commenced their site surveys and the first phase of doors are currently being fabricated with installation due to commence early in the coming financial year.
- **Lone Worker training** – Continued with successful programme of 1-day Lone Worker training courses delivered by the Suzy Lamplugh Trust.
- **Work with Technical staff** – Continued to work closely with the Asset, Investment & Engineering (AI&E) division to raise and resolve Health & Safety concerns, issues and potential problems. AI&E Health & Safety meetings held every two months to enable discussion with minutes going to the Director of Customer Services. This has also proved a useful forum in which to monitor progress with the FRA Action Plans, contractor health & safety performance etc.
- **Emergency Planning** – Emergency cascades have been maintained and the out of hours rota for Technical Advice which was introduced in the previous reporting period is still operating very effectively and enhancing the service that we provide.

- **Implementation of asbestos module of “Keystone”** (asset management software) – The vast majority of work to transfer the asbestos data into this new module has been completed in this twelve month period and work is now ongoing to “clone” this information (apply relevant information from surveys to uninspected neighbouring flats). This is necessary to make our records as comprehensive as possible so that contractors and residents can benefit by the asbestos information being more readily accessible.

6. RISK ASSESSMENT

- 6.1 Managers are responsible for ensuring that risk assessments are undertaken on their team’s workplaces and work activities and as such our policy has been for managers to appoint designated risk assessors (generally from within their team) to assist them with carrying out these assessments. Assessors are provided with training and support and KCTMO procedures and risk assessment proformas are available to assist them. All significant risks are documented and the manager and assessor jointly identify the action necessary to reduce any risks to an acceptable level. Assessments are categorised as follows:
- *Designated display screen assessors* - have responsibility for assessing workstations. (Computers are not inherently hazardous but if positioned wrongly and / or used intensively without adequate rest breaks etc. a range of issues such as eyestrain, musculo-skeletal problems, headaches etc. can manifest.)
 - *General risk assessors* - have responsibility for assessing workplaces – includes offices, reception areas, estates - and also work activities for example dealing with the public and lone working. For other more specialist workplaces and work activities such as areas where construction activity is taking place, the Health & Safety team are available to assist.
- 6.2 Completed assessments are submitted to the Health & Safety Team who maintain a schedule of assessments and keep the H&S Committee and thereby the Executive Team appraised of progress. Also H&S team keep a watching brief on progress with the associated Action Plans. A copy of the progress schedule is available upon request.
- 6.3 In the previous reporting period the Health & Safety Committee agreed to offer a small bonus to designated assessors who complete their assessments comprehensively and within the expected timescale. This allowance has now been introduced.
- 6.4 Other specialist assessments such as security, pregnant workers, personal evacuation plans for disabled staff etc. are also carried out by or in conjunction with the Health & Safety Team.
- 6.5 Fire Risk Assessments - please see below Fire Safety (7.1).

7. ASBESTOS

- 7.1 When many of the council's residential properties were constructed it was common practice to use asbestos in a wide variety of building materials. In addition, the well-known insulation properties of asbestos meant that it was used extensively in lagging and where fire-stopping etc. was required. Therefore, many council dwellings had / have some form of asbestos containing material located within.
- 7.2 Overwhelmingly, in dwellings where asbestos is known to be present it is to be found as a trace of material within the original vinyl floor tiles and / or "artex" decorative ceiling coating. Some blocks do have additional panels but these are not very common. Our policy has always been to manage these materials and maintain them in good condition, as in this state they present a very low risk to health and to remove them prior to any planned works which could damage them. The KCTMO remains committed to complying with the requirements of the Control of Asbestos Regulations 2006 and the KCTMO Asbestos Policy Statement reflects our improved procedures. This sets out –
- our commitment to training our staff in asbestos awareness
 - our approach to surveying and identifying the locations of Asbestos-Containing Materials (ACMs) - in dwellings, within communal areas and in commercial properties
 - how we manage our ACMs
 - what we do to advise residents about the presence of ACMs within their home and the precautions they must take in order to maintain them in good condition and risk-free
 - how we store the details of our ACMs (electronically – initially in Academy but now in the Keystone Asset Management System) and
 - arrangements for advising our contractors of the presence of ACMs.

8. FIRE SAFETY

8.1 Fire Risk Assessments (FRAs)

- 8.1.1 For the purposes of fire safety legislation RBKC and the KCTMO are considered to be the "responsible persons" in control of the premises. As such both must ensure that "suitable and sufficient" fire risk assessments are carried out in the communal areas of all the residential blocks to satisfy themselves that all potential fire hazards have been identified and any significant risks reduced.
- 8.1.2 In the previous reporting period extensive negotiations with RBKC and the LFB led to some degree of clarification of the standard that the enforcing authority now expect the KCTMO to apply to these FRAs. Once this was established the KCTMO adopted a risk-based approach and following competitive tendering appointed a Fire Safety Consultant who successfully completed the programme of high risk FRAs in the agreed 6-month period.
- 8.1.3 In this reporting period, our approach and the performance of the Consultant undertaking the assessments were reviewed and evaluated. Based upon this review, improvements were recommended and have been incorporated into the remaining FRA programmes. Further competitive tendering was undertaken and a Fire Consultant was appointed to carry out the medium risk programme.

- 8.1.4 The successful Fire Consultant, C S Stokes & Associates, commenced work in September 2010 with information gathering - clarifying the extent of our existing inspection / maintenance arrangements in relation to fire protection, electrical installations etc. Assessments then commenced on site from October 2010. This programme has progressed well with, as expected, significantly fewer recommendations being made than were made in relation to the high risk blocks and the programme is on schedule to complete by May 2011.
- 8.1.5 We have continued with the Action Plans being colour-coded to reflect their priority and, as before, we are concentrating our efforts and our resources on progressing the red (high risk - indicating statutory breaches) and amber (medium risk - indicating breaches of British Standards, LFB standards etc.) recommendations.
- 8.1.6 We are, therefore, on target to complete all FRAs within the timescale set by the LFB. Specifically, they advised of a 3-year timescale (commencing July 2009) to complete all assessments.
- 8.1.7 Work continues on completing all the high and medium priority actions from the FRAs. A wide variety of recommendations have been made – some actions are simple, low-cost, responsive items which are straightforward and quick to resolve, some required Neighbourhood Management to act and again these have generally been progressed swiftly. However, some actions are more costly and time-consuming to implement and it has been necessary to seek a capital budget in order to progress them.
- 8.1.8 One recommendation that was made in the high risk FRA Action Plans in relation to the majority of the enclosed blocks was -
- “Requirement to instigate a programme of inspections to ensure that every flat entrance door in an enclosed block offers thirty minutes fire resistance is self-closing and is fitted with intumescent strips and cold smoke seals.”
- 8.1.9 In the first instance it was necessary to establish whether existing flat entrance doors within these enclosed blocks met the necessary thirty minutes fire resisting standard and, if so, whether they could be upgraded / refurbished to incorporate the additional features. As the stock condition survey was already underway and surveys of our blocks were already being undertaken we were able to extend their scope to incorporate flat entrance door inspections. The survey data was presented to the KCTMO in this reporting period and unfortunately confirmed that generally the existing doors did not meet the required standard and could not, therefore, be upgraded but needed to be replaced.
- 8.1.10 A door replacement programme was then established on the basis of risk and we used the London Housing Consortium to tender for a specialist contractor. The contractor has now been appointed and is progressing the door inspections so that exact dimensions are obtained and resident choices on colour and door design are recorded. The programme is progressing well and fabrication of the initial phase of replacement doors is currently in hand and is on schedule for installation in mid-May 2011. Capital monies were secured for the reporting period and the subsequent financial year, however, it is not yet clear whether these allocations will be sufficient to cover the cost of the entire door replacement programme. If this proves not to be the case then a bid will be made for further resources.

8.1.11 The KCTMO appear to be on target to complete the high and medium priority actions on the FRAs within the timescale set by the LFB. Not all of the blocks have yet been assessed and as such we cannot completely foresee what might be recommended in future reports. However, based on the Action Plans received so far, it is reasonable to assume that we will be able to comply with the LFB's 5-year timescale for completion of high priority actions / statutory breaches. (This 5-year period commenced in July 2009).

8.2 Smoke Alarms

8.2.1 The KCTMO's aim is to ensure that all of our tenanted properties have been fitted with a mains-powered smoke alarm with battery back-up. However, with diminishing resources and significant demand upon budgets from many other areas it is very difficult to set a realistic timescale by which this could be achieved.

8.2.2 In 2002 the KCTMO Board adopted a proactive policy regarding the installation of smoke alarms. Since this time we have endeavoured to maximise the impact of any installation across the housing stock in two ways. Firstly, by installing mains-powered (with battery back-up) alarms when dwellings are being re-wired and secondly, resource-permitting, by proactively installing battery-operated smoke alarms either directly by our staff or by the LFB as part of their Home Fire Safety Visits (where they provide specific fire safety advice to residents and also install a battery-operated smoke alarm where necessary).

8.2.3 For several years following the introduction of the proactive policy, significant progress was made especially with the higher risk dwellings and those where we have vulnerable residents and as such we are confident that the vast majority of these now have a smoke alarm installed. As additional vulnerable properties and residents are identified we will continue to treat these as priority and carry out an installation.

8.2.4 Currently we estimate that we have smoke alarms installed within approximately 40% of our tenanted properties. However, this is an area which we intend to review in the coming year to see if further proactive programmes of installation can be initiated either directly by the KCTMO or in conjunction with the LFB.

8.3 Fires in residential premises

8.3.1 Home accidental fires still account for 40% of all the fires attended by the LFB and efforts are constantly underway to reduce both the number and the severity of these fires.

8.3.2 In January 2010 an attempt to maintain a central record of all incidents of fire in KCTMO blocks was instigated. Therefore, we can be reasonably confident that the ten reports of fire received between April 2010 and March 2011 is a true reflection of incidents throughout the stock. These fires are broken down as follows:

- All fires were considered minor in nature
- No injuries were sustained during any of these incidents and only minor damage to property was caused

- Only three of these incidents occurred internally within dwellings and all were caused by faulty electrical appliances – one caused by a faulty toaster, one by a faulty television and one by a faulty mini circuit breaker
- In the case of the incident involving the faulty mini circuit breaker the manufacturers of these units had alerted us that they could be faulty and they had appointed a contractor to replace them. The replacement programme was on site at the block in question, unfortunately, however, they had not reached this flat at the time of the fire.
- Two fires were external – one in a paladin and one involving an external window frame being stripped of paint. Both of these were considered to be accidental.
- Three of the fires within communal areas were started maliciously – but fortunately they were all discovered swiftly and the LFB attended promptly and extinguished them. (The same person was responsible for two of these fires and action was taken to prevent further arson.)
- One of the fires was caused by a defect in a contractor's working method and this was raised with the company immediately and rectified.

8.3.3 In all cases the LFB's Fire Safety Team carried out a follow-up audit and liaised with the KCTMO about any action that they felt to be necessary and the KCTMO have progressed issues that were considered necessary to reduce the risk.

9. **WATER QUALITY – PREVENTION OF LEGIONELLA**

- 9.1 An audit of legionella procedures across the KCTMO and the Council was undertaken by RBKC's Audit department in the previous reporting period and the KCTMO Water Quality Policy was reviewed and updated to incorporate the minor recommendations made by the auditors.
- 9.2 Current water quality risk assessments are available in relation to every block where there is communal stored water. A two year review period has been adopted for these assessments and this is documented in the Policy Statement.
- 9.3 The annual programme of tank inspections and water sampling was again completed in an efficient and timely manner by our specialist contractors and will next be due in July 2011. Any responsive works identified by these inspections are instigated immediately.
- 9.4 Additionally, specialist contractors continue to carry out planned preventative checks (including recording temperatures at taps etc.) at all the Priority One properties (sheltered and temporary accommodation blocks).
- 9.5 A number of communal cold water storage tanks had been identified as needing to be replaced and a bid for capital funding had been made in the reporting period. This bid was successful and the tank replacement commenced late in the reporting period and will continue in the coming year.
- 9.6 Therefore, the KCTMO can confirm that Legionella Management activities have been successfully achieved within the reporting period

10. **HEALTH & SAFETY TRAINING**

- 10.1 A number of Health & Safety courses ran between April 2010 and March 2011. This included the usual range of Induction, First Aid, Fire Safety, Lone Working etc. which run each year and these are supplemented by other specific courses as and when they are required. The details of these courses and the number of attendees at each are listed at Appendix B.
- 10.2 Health & Safety training need is identified in a variety of ways - from supervision meetings with line managers, as part of the induction process, from the risk assessments and as legislation and good practice change. In addition to their regular reviews risk assessments are also reviewed as working practices or workplaces change and any necessary training would again be identified at these times. The Health & Safety Team collate the information on training need and liaise with the Human Resources Team to ensure that health & safety training is given sufficient priority and programmed accordingly.
- 10.3 In the previous reporting period the need for a programme of Health & Safety Training (initially targeted at managers) was identified and KCTMO H&S Team worked closely with Learning & Development and an external trainer to produce the most appropriate course for our staff – with case studies which related to our working environment etc. Three of the 1-day Managers Health & Safety courses were held and a total of 25 managers attended. A further health & safety course aimed at estate staff ran in November 2010 and 14 employees attended. Both courses were very successful and feedback/evaluation forms confirmed that staff found them to be very useful and relevant to their work.

11. HEALTH & SAFETY INSPECTION

- 11.1 It is KCTMO policy to carry out regular Health & Safety Inspections on our estates. These inspections cover the common parts of our estates – both internal and external - and all areas made available to our contractors and employees as places of work i.e. plant areas, roof areas etc. A report is produced following each inspection highlighting all areas of concern such as outstanding repairs, health & safety issues and access problems.
- 11.2 Whilst it has always been our aim to do these inspections annually - 6-monthly for the potentially higher risk areas such as the sheltered schemes and the temporary accommodation - in this reporting period the inspection programme was significantly reduced due to reduced resources in the H&S Team following a serious injury (not work-related). It is our intention to resume the Annual H&S Inspection Programme in the coming year.
- 11.3 These inspections serve to supplement those regularly undertaken by the Estate Staff and by the Neighbourhood Officers and their inspections have continued at their usual frequency throughout the year.

12. HEALTH & SAFETY MONITORING

- 12.1 The KCTMO Health & Safety Committee meets on a bi-monthly basis, is chaired by the Director of People and Organisational Development and is attended by management representatives, safety representatives and Health & Safety staff.

This enables the **KCTMO** to consult employees on health & safety matters. The Committee has an important role in monitoring progress with risk assessments, receiving summaries of accidents and violent incidents and the action taken to prevent recurrences, identifying trends, making recommendations for improvements, reviewing policies and procedures and commenting on the impact of new legislation, training etc. This group reports to the **Executive Team**.

- 12.2 Individual project administrators are responsible for ensuring that the **Health & Safety** monitoring arrangements for each specific project are appropriate having considered the nature and complexity of the works, the level of risk that is presented and the vulnerability of the people who could be affected by this. These are generally laid down in the contract documentation and are monitored via pre-contract meetings, regular site inspections, visits from clerk of works / site supervisor, accident investigations, management systems and audits. Obviously all projects take account of the requirements of the Construction (Design & Management) Regulations.

13. HEALTH & SAFETY ENFORCEMENT

- 13.1 No formal enforcement action was taken against the **KCTMO** in the reporting period. **LFB** continue to issue Deficiency Notices in relation to individual blocks they have visited and audited and where they consider there are issues the **KCTMO** should consider / address. Every effort is made to comply with Fire Safety legislation and in particular to progress the high priority actions from the Fire Risk Assessments and to adhere to locally agreed standards.

14. OCCUPATIONAL HEALTH & EMPLOYEE WELL-BEING

- 14.1 The **KCTMO** embarked on a new contract for **Occupational Health Services** with Benenden in the previous reporting period and this contract is ongoing. The success of this will need to be evaluated and this evaluation is scheduled for the new business year. (This contract provides all staff with a range of services including pre-employment screening and occupational health assessments in the event of ill-health.)
- 14.2 A **Health Screening** day was held on the 1st November 2010 at **Network Hub** and was open to all employees. This was organised through Benenden and offered employees a health assessment where health professionals measured blood pressure, cholesterol, **Body Mass Index** etc. Additionally, flu vaccinations were available to staff on that day. This was well attended and it is our intention to look to repeat this in the coming year.

15. COUNSELLING IN COMPANIES – EMPLOYEE ASSISTANCE PROGRAMME

- 15.1 For a number of years the **KCTMO** has had a contract with a professional counselling organisation where employees had access to a confidential freephone where they could be assessed and those who would benefit from a series of sessions with a counsellor would be referred to see one at a location and time of their choosing.

- 15.2 In the reporting period a new company, Oakdale, was appointed via Benenden, our Occupational Health provider, to provide an Employee Assistance Programme which includes access to counselling but also offers legal and financial advice etc. to employees. Details of this service can be found on the KCTMO Intranet.

16. ACCIDENT & VIOLENT STATISTICS

16.1 Accidents

- 16.1.1 The Health & Safety Team investigates all reported accidents and dangerous occurrences – those involving employees, contractors carrying out work on our behalf in or around our properties and residents or their visitors within the communal areas of our estates (both internal and external areas). The investigations aim to identify the cause of the accident and any action necessary to prevent a recurrence. Employees are encouraged to report all accidents / dangerous occurrences. The KCTMO Accident Reporting Procedure and Accident Report Forms are available to all staff on the KCTMO Intranet.
- 16.1.2 Appendix C attached provides a breakdown of the number of accidents and dangerous occurrences reported to us in this reporting period (April 10 - March 11). Statistics for the previous reporting period have been included to give a comparison.
- 16.1.3 The total number of accidents reported in the year was 22. This shows an improvement with 3 less accidents than in the previous 12-month period. Of these 22 accidents:
- 4 were reported by employees
 - 16 involved residents - 7 of which involved sheltered residents within their own home
 - 1 was reported by a member of the public on an estate
 - 1 involved a contractor
 - 3 working days were lost by one employee and this is the only accident which was HSE-reportable
 - No working time was lost following the other 3 employee accidents indicating that these were relatively minor in nature.
- 16.1.4 Whilst the statistics on the accidents in sheltered tenants homes does appear to distort the overall picture, Community Officers are encouraged to report these incidents as these can be a useful indicator of the capabilities of individual residents and highlight where care / support levels need to be reviewed. No other action to prevent these accidents can generally be taken by the KCTMO as they occur within the dwellings.
- 16.1.5 Currently the injured residents from two accidents are seeking compensation and pursuing insurance claims against the KCTMO / RBKC.
- 16.1.6 In conclusion, with the exception of one tripping accident involving a member of estate staff where working time was lost, all accidents were relatively minor with generally only low-level injuries - cuts, bruises and abrasions.

- 16.1.7 Comprehensive information in relation to contractor accidents has not always been easy to obtain and so discussions have taken place within the KCTMO to identify a suitable performance indicator on contractor accidents and an efficient method of collecting this information. The aim is to finalise this in the coming year but currently the value and possibility of recording the "Accident Incident Rate" in relation to contractor accidents is being investigated.

16.2 Violent Incidents

- 16.2.1 KCTMO procedures require employees to report all incidents of abuse, threatening behaviour or assault that they have been subjected to in the course of their work. This is imperative to help ensure staff safety by:
- highlighting risky locations so that appropriate precautions can be taken and further staff are not subject to known risks and
 - allowing action to be taken against the perpetrators.
- 16.2.2 There are a number of actions that can be taken against perpetrators depending upon the severity of the incident, any history of abuse, the views of the officer who has been assaulted, view of legal services etc. These actions range from writing a warning letter to the individual advising that they are breaching tenancy conditions and potentially jeopardising their home, obtaining an Injunction against them approaching employees / KCTMO offices, a Notice of Seeking Possession, Notice to quit etc.
- 16.2.3 The KCTMO maintains a Violent Incident Report spreadsheet where high risk addresses are stored alphabetically by property so information can be very easily retrieved. This is held on the intranet and is available to all employees. In addition, the computerised Repairs system incorporates a warning indicator on the screen to highlight these high risk addresses where residents are known to have a history of abuse. The information held on both systems is generally gathered from employees completing and submitting Violent Incident Reports when they have been subjected to abuse or threats. However, we also, occasionally, receive information from other reputable sources (in particular the Police) and this is also recorded. This enables employees and contractors to assess what precautions are required when visiting these individuals in the future. The information held on these systems is reviewed on a regular basis to ensure that it remains accurate and up to date and also to ensure that we comply with the requirement of the Data Protection legislation.
- 16.2.4 Within this reporting period the KCTMO received 42 reports of violent incidents as compared with the previous year's 52. In particular, there was a significant reduction in the number of incidents reported by employees. 19 reports received from employees shows a decrease of 17 from the 36 incidents reported in the previous year. However, the number of incidents reported by contractors has increased with 12 reported for this year which doubled last year's figure of 6. Of the remaining 11 incidents, 9 were between residents in sheltered accommodation.

Of the violent incidents involving employees –

- there was one physical assault
- 63% of the incidents reported by employees were categorised as “verbal and threatening” and 16% “verbal”. This shows an increase from last year when 55% fell into the “verbal & threatening” category.
- There was the usual split between abuse on the telephone, abuse at a KCTMO reception area and employees abused whilst visiting estates with no particular trends being evident.

16.2.5 Whilst there appears to have been far fewer abusive incidents in the last year there is still cause for concern. Additionally, the increasing level of abuse against contractors will need to be monitored. The H&S Committee will continue to monitor these incidents and keep the Executive Team informed. Where necessary the H&S Committee will make recommendations for action to reduce the scale of abuse against staff.

17. H&S AUDIT

17.1 In the previous reporting period the Council's Internal auditors carried out a high level review of KCTMO Health & Safety covering Corporate Health & Safety, Electrical Safety, Asbestos and Legionella Management. Operational responsibility for these areas of work was and still is split between the KCTMO Health & Safety Team and the Asset, Investment and Engineering Team and so the resultant Action Plan has identified responsibilities for both teams.

17.2 The final **Report** was received in this reporting period and made a number of recommendations - some of which fell within the jurisdiction of the Health & Safety Team and some within the Asset, Investment & Engineering Team. However, the overall rating of “Satisfactory Assurance” was awarded. To date the majority of the recommendations have been progressed and specifically the following:

- the Health & Safety Policy Statement has been reviewed and updated,
- all recommendations in relation to legionella prevention are now in place
- the cloning of asbestos information was virtually completed in the reporting period
- the register of policies & procedures has been extended to clarify their review date (attached at Appendix A)

The outstanding areas of work which will form objectives for the coming period relate to:

- looking into the possibility of acquiring a contract for asbestos management services
- clarifying the roles of the Health & Safety Team and operational managers. Whilst these are clear at present operational responsibility for asbestos is imminently to pass to the Asset, Investment & Engineering Team at which time the roles will change.
- Timetable to be developed for introducing performance indicators for corporate health & safety

17.3 Two further recommendations were made in relation to the engineering electrical contract and these will be progressed by Asset, Investment & Engineering Team.

18. HEALTH & SAFETY OBJECTIVES FOR 11/12

18.1 The ongoing operational risks are set out below with other objectives for the coming year.

18.2 All companies face a number of ongoing health & safety risks and the KCTMO is no exception. The majority of the areas of potential high risk and the measures being taken to reduce these risks have been set out earlier in this report. In particular, our main areas of concern include:

1) Exposure to asbestos

Where contractors or residents could inadvertently drill into, sand or abrade asbestos containing material (ACMs) causing damage to it and potentially exposing themselves and anyone else in the vicinity to airborne asbestos fibres. Measures to reduce the likelihood of this are set out in our Asbestos Policy Statement (available on the intranet). Additionally, our systems for sharing information with our contractors on the location of ACMs in the housing stock are to continue i.e. the computerised repairs system continues to print out the location of ACMs at the property on the Job Ticket (which is generated for each repair order raised). This will continue to give the contractor accurate information in advance of carrying out any work. However, additionally, all asbestos data will soon be available via the "Keystone Kiosk" which contractors and residents will be able to access via the internet.

2) Fire Safety

Despite the measures (outlined at 7. above) that we are taking to improve the fire safety of people and property, this will continue to be an area of potential risk for the KCTMO. It is essential that we continue to give priority to the communal fire risk assessments, that we complete the low-risk FRA programme in the next reporting period and continue to progress the high priority recommendations as a matter of urgency. Specifically, we aim to progress the flat entrance door replacement within available budgets and to seek further resources should these be necessary. Additionally, however, it is important that we maintain a high level of inspections etc. to maintain our blocks as hazard-free as possible, that we review our smoke alarm policy to identify how we can maximise the installation of smoke alarms across the stock and that we continue to publicise fire procedures (on the website, in the Residents Handbook, articles in The Link etc) and identify residents with special needs and work with them to establish a specific Personal Emergency Evacuation Plan (PEEP) where necessary to ensure their safety is protected.

3) Contractor Management

Although we have adopted the Contractors Health & Safety Assessment Scheme (CHAS) and insist that all of our contractors are CHAS-accredited or equivalent there is a need to audit this and to ensure that this is also consistently being applied to all sub-contractors and this is one of our objectives for 11/12. Additionally, there is a need to ensure that the next

stage of health & safety vetting i.e. contractor's method statements and risks assessments are being rigorously vetted by all contract administrators and all officers commissioning works especially where works are commissioned for reasons of haste.

4) Gas Safety (including exposure to carbon monoxide)

The sustained efforts of the KCTMO Engineering Team and our gas contractors in recent years has led to us achieving very nearly 100% (99.8%) access again for gas servicing. This combined with our programme of replacing old and higher risk gas appliances has reduced the risk in this area considerably. Additionally, now that we have adopted an Access Procedure using the Environmental Protection Act, which is considered to offer best practice, we are optimistic that our approach is as robust as we can make it and are confident that these efforts and the reduced risk they bring can be sustained. Specifically, in the coming year it is our intention to continue to monitor the effectiveness of the new gas access procedure and any potential impact this has on access rates.

5) Legionella prevention, water quality & water temperatures

We have a policy statement setting out our approach to managing the risk from our water systems and we are adhering to this. This confirms our risk-based approach and we have now completed water quality risk assessments in relation to all communal stored water and these are being reviewed on a two-yearly basis. Additionally, our programme of annual water sampling and visual inspections of all communal tanks continues. Further, maintenance regimes are in place at all Sheltered blocks and Temporary Accommodation (i.e. all Priority One properties). Finally, the programme of tank replacement which is being funded by capital monies is in hand and should be completed in the coming year. The potential risk from legionella is therefore considered to have reduced considerably in recent years.

6) Emergency Planning

In major emergencies the Council's emergency plan is activated. However, for more minor emergencies which specifically affect our blocks the KCTMO has its own emergency plan. The roles and responsibilities of employees currently involved with the KCTMO Emergency Plan have been reviewed, the Plan updated and the cascade revised accordingly. The out-of-hours call handling service is outsourced to a contractor. Our Duty Officer liaises closely with this contractor and they are responsible for activating the cascade should this be necessary. A rota of staff who are available to offer technical advice to the duty officer etc. has been set up and this has been quite an effective addition to the existing out of hours arrangements. Additionally, we have clarified the LFB's role in relation to attending lift shut-ins and the call-handling contractor and lift contractor are clear of our expectations in this area. It is not clear what further procedures we could adopt within the existing resources however, this will be kept under review.

7) Accidents

We require 6-monthly inspections to be undertaken of all workplaces and regular risk assessments of all workplaces and work activities to be carried out. These should identify any defects and unacceptable levels of risk and an action plan be produced to identify how these risks can be controlled e.g. any necessary health & safety training, new or revised procedures, provision of plant / equipment / protective clothing etc. These risk assessments must be reviewed regularly and take account of any new activities, new procedures / regulations or when new employees start. Additionally, we have employed a Facilities Coordinator who attends all main offices regularly, liaises with landlords etc. and progresses repairs and health & safety issues. This officer will have an increasing role in relation to office health and safety which will further strengthen our position and reduce our staff's exposure to risk.

8) Violent Incidents

The measures taken to prevent employees being exposed to violence or abuse are set out at 15.2 above. In the past year there has been a marked reduction in the number of reports of abuse involving employees. However, this is also an area over which we do not have complete control and where there will always be some residual risk. We endeavour to advise employees about addresses known to present a risk and, in these cases, measures can be taken to reduce the level of risk - such as visiting in pairs, dealing by telephone etc. However, we can only warn staff about the risky addresses of which we are aware. In order to improve information available to us and extend greater protection to our employees we are working more closely with the Police and also RBKC to share information. This work is ongoing.

9) Lone Working

This remains an area of potential risk. Lone Working Guidelines are available and regular lone work training courses are run in-house by the Suzy Lamplugh Trust. It is important to ensure that all necessary lone working risk assessments have been carried out and documented for staff who need them so that any specific concerns / issues can be highlighted and addressed. A tracker system to enhance lone worker safety is in use by the Community Alarm Service and is now being trialled by the Rent Income Team and several other teams are keen to trial within their area. Evaluation of the trial will be necessary before any decision is made to adopt these.

10) Out of Hours Working

This is another area of potential high risk as often staff and contractors who attend out of hours call-outs visit alone. They are, therefore, subject to the usual lone working risks but these are potentially enhanced by the fact that they are visiting at night time in darkness and often at unfamiliar estates / blocks. In order to improve safety KCTMO duty staff often attend to assess emergency repairs jointly with the repairs contractor as this is mutually beneficial. The possibility of formalising this is being investigated. (Again if the lone worker tracker system currently being trialled is successful this

could be introduced to out of hours visiting staff to further enhance their safety.)

11) Pirate Radio Activity

Unfortunately, pirate radio activity has continued intermittently on the roof of three of our high rise blocks in the north of the borough. During this period the police made a number of arrests of people on the roofs engaging in pirate radio activity, however, this did not deter further activity. To date all attempts to exclude these individuals from these areas for sustained periods and prevent this pirate radio activity from continuing have been unsuccessful. Specifically, we have repeatedly changed locks (using non-standard high security locks and padlocks), upgraded roof entrance doors (these are steel), used CCTV, engaged with the Metropolitan Police, OFCOM (Government regulatory body of the radio spectrum) etc. However, at the end of the reporting period close liaison with the Police and OFCOM had led to agreement for a joint initiative which would endeavour to include locating and closing down the studios as well as preventing further use of these roofs for transmission. We are optimistic that if the Police, OFCOM, RBKC and the KCTMO are committed to this venture and it is adequately resourced that we may finally succeed in preventing further access to our roofs.

12) Window safety

The KCTMO drafted a window safety policy in the previous reporting period which was approved by the Operations Committee who requested that the Asset, Investment and Engineering Team draft a design brief to supplement this Policy with more practical guidance for technical officers involved in window replacement programmes etc. This policy was drafted following advice of legal Counsel and was welcomed by the Operations Committee who acknowledged that this was an important step towards ensuring a safe and consistent approach is applied in all matters of window repair, refurbishment and replacement. KCTMO are currently seeking RBKC's view of this policy.

One additional objective for the coming period relates to improving health and safety information available to our residents on the company's website. In particular, we aim to improve the information available to residents on the areas of ongoing risk - fire, gas, asbestos, legionella etc. Additionally, we plan to publicise our position regarding releasing people trapped in lifts etc.

19. CONCLUSION

- 19.1 A significant amount of health & safety work has been successfully undertaken in the reporting period. Much of this work is obviously ongoing; however, additional objectives have also been identified and are set out in the report.
- 19.2 The KCTMO acknowledges the need for continuous improvements to all aspects of Health & Safety Management. This involves the constant review of policies and procedures, implementation of new legislation, improved techniques of risk control,

auditing of performance etc. and providing a brief account of the Company's performance in the annual Health & Safety report.

Janice Wray
KCTMO Health, Safety & Facilities Manager

May 2011

APPENDIX A

KCTMO Health & Safety Policies & Procedures

	Last reviewed	Next Review Due
KCTMO Health & Safety Policy Statement	03/11	Qtr 1 22012
KCTMO Gas Safety Policy & Procedures	01/10	Qtr 4 2011
KCTMO Policy – Violence against staff	under review	Qtr 2 2010
Procedure for Reporting Violent Incidents (& Report Form)	under review	Qtr 2 2010
KCTMO Policy on Asbestos	01/10	Qtr 2 2011
Risk Assessment Guidance	06/05	Qtr 1 2011
Risk Assessment Checklist	06/05	Qtr 1 2011
Procedure for Reporting Accidents	03/11	when Regns change
KCTMO Window Safety Policy	03/10	dependant on advice awaited from Council
First Aid Policy	01/07	Qtr 2 2011
Water Quality Policy Statement	11/10	Qtr 4 2011
Customer Services Centre Health & Safety Agreement	07/06	at Unison request / Qtr2 2011
Lone Working Policy	07/06	Qtr 2 2011
Lone Working Guidelines	03/07	Qtr 3 2011
Procedure for staff who visit estates – lone working guidelines	02/06	Qtr 3 2011
Smoke Alarm Policy	05/06	Qtr 4 2010

Policy for specifying Safety Glazing	07/06	when Regns change
Procedure for Estate Inspections	07/06	Qtr 3 2011
Eyesight Test Entitlement for DSE Users	07/06	when allowance increases
Fire Marshal Guidance	10/10	Qtr 3 2011
Lift Safety Policy	03/07	Qtr 1 2012
Lift Release Procedure for trapped passengers	07/06	Qtr 1 2012
Procedure for dealing with hypodermic syringes	07/06	Qtr 3 2011
KCTMO Emergency Plan	02/10	Qtr 2 2011
KCTMO Construction H&S Handbook	08/09	when Regns change / Qtr4 2010
KCTMO Estate Staff H&S Handbook	09/04	Qtr 3/4 2011
Bomb Procedures – various locations	05/06	Qtr 3 2011
Fire & Emergency Procedures – various locations	10/10	Qtr 1 2011
DSE Assessment Proforma	11/09	Qtr 4 2011
Accident Report Form	03/11	Qtr 4 2012
First Aid Treatment Form	03/06	Qtr 2 2011
Violent Incident Report Form	09/09	Qtr 4 2010
Risk Assessment Proforma	05/09	Qtr 4 2010
Procedure for Reporting Accidents	03/11	Qtr 4 2012
Procedure for Dealing with Asbestos in void dwellings	05/07	Qtr 1/2 2011

APPENDIX B

Health & Safety Training 2010/11

COURSE TITLE	NUMBER OF COURSES	NUMBER OF ATTENDEES
1-2-1 H&S Induction	4	4
KCTMO Induction Courses	2	13
Fire Safety Awareness / fire marshal training	5	61
Fire Safety – Personal Evacuation Planning for less able-bodied staff	3	19
First Aid at Work (4-day)	0	0
First Aid Appointed persons (1 day)	0	0
First Aid at Work – refresher (2-day)	3	12
Lone Worker training – Suzy Lamplugh	2	11
Health & Safety for Managers Course – 1-day	3	25
Health & Safety for Estate Staff Course – 1-day	1	14

164 employees last year

APPENDIX C

1. Accidents from 1/4/10 to 31/3/11 - Types of Accident

	Employees		Contractors		Residents & the public		TOTAL	
	09/10	10/11	09/10	10/11	09/10	10/11	09/10	10/11
Year								
Manual Handling	2						2	0
Slip, Trip, Fall	2	2	2	1	9	16	13	19
Exposure to asbestos							0	0
Struck by moving object					5	1	5	1
Struck by fixed object							0	0
Exposure to harmful substance							0	0
Animal / insect bite		1					0	1
Road Traffic Accident		1					0	1
Electricity							0	0
Exposure to high / low temperatures							0	0
Acute / chronic illness	2				1		3	0
Use of Work Equipment							0	0
Other / damage only			1		1		2	0
Near miss							0	0
TOTAL	6	4	3	1	16	*17	25	22

* This figure includes 7 accidents involving sheltered residents within their own home in the 10/11 reporting period. These are reported so that any decline in their capability can be detected.

2. Accidents from 1/4/10 to 31/3/11 - Resultant Injuries

	Employees		Contractors		Residents & the public		TOTAL	
	09/10	10/11	09/10	10/11	09/10	10/11	09/10	10/11
Year								
Death					1		1	
Cuts / bruises / abrasions	2	3		1	10	7	12	11
Strains & Sprains	1		1		1		3	0
Burns or scalds							0	0
Eye Injury			1				1	0
Hearing loss							0	0
Skeletal injury		1	1		1	2	2	3
Unconsciousness	1						1	0
Electric shock							0	0
Allergic reaction							0	0
Occupational disease							0	0
Stress							0	0
Illness							0	0
Other	1						1	0
No injury	1				3	8	4	8
TOTAL	6	4	3	1	16	17	25	22

Agenda Item 10

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED

Open

For comment

TMO Board Meeting
28th July 2011

Authority for decision:

The Board is required to comment on the report.

Recommendations:

The Board is recommended to consider its views regarding these consultation opportunities.

Regulatory/legal requirements:

Is there a no requirement for this matter to be reported but it is best practice to involve the Board in **G**overnment consultation.

Report title:

Regulation **U**p-date and Current Consultations.

Business Plan link:

Changes in legislation could affect the **B**usiness **P**lan.

Equality Impact Assessment/comment:

Changes in legislation may have equality implications.

Resident consultation:

This is the first **s**tep of consultation.

Resource implications/VFM statement:

This will not be evident until the **p**roposals are more detailed.

Risk:	This will not be evident until the proposals are more detailed.
Appendices:	No
Total number of pages including appendices:	6
Name, position and contact details of author:	Janet Seward <div style="background-color: black; width: 100px; height: 1.2em; margin-bottom: 2px;"></div> Improvement Manager

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
TENANT MANAGEMENT ORGANISATION LIMITED

TMO BOARD – 28th JULY 2011

REPORT BY HEAD OF STRATEGY & ENGAGEMENT

REGULATION UP-DATE AND CURRENT CONSULTATIONS

1. PURPOSE

- 1.1 The purpose of this report is to advise the Board of the current consultations now open regarding changes in regulation relevant to the public housing sector.

FOR DECISION

- 1.2 The TMO Board is **recommended** to consider its views regarding these consultation opportunities.

2. INTRODUCTION AND BACKGROUND

- 2.1. The Government have circulated three consultation papers relevant to the public housing sector. They are:
- i. Implementing social housing reform: directions to the Social Housing Regulator;
 - ii. Open Public Services Reform White Paper

The closing date for the first is 29th September 2011 and, for the second, the Government have said that they will have a 'listening period' between July and September.

- iii. Options for dealing with squatting.

The closing date for this consultation is 5th October.

3. IMPLEMENTING SOCIAL HOUSING REFORM: directions to the Social Housing Regulator

- 3.1. This consultation paper follows-on from 'A Fairer Future for Social Housing' issued in the latter part of last year. The changes discussed in the paper will be brought about when the Localism Bill is enacted. The key proposals set out by the Department of Communities and Local Government (DCLG) are:

i. Tenure

Social landlords will be allowed to issue flexible tenancies to make better use of existing and future stock. This reform will be subject to various conditions and the rights of existing secure tenants will be respected.

This means that a new local authority flexible tenancy with a minimum fixed term of two years, with similar rights to secure tenants, will be created. These rights will include a right to one succession for spouses and partners, as well as giving housing providers flexibility to grant additional succession rights. In addition, local housing authorities will have to publish tenancy strategies to which registered providers have to adhere when formulating their own tenancy policies.

When this proposal was described in a 'Fairer Future for Social Housing', there was concern among some Board Members that this measure would create uncertainty and damage communities.

ii. Mutual Exchange

Housing providers will be required to enable access to internet-based mutual exchange schemes allowing tenants who want to move the best possible opportunity of finding a match. The Government considers that this will make the scheme truly national for the first time.

iii. Tenant Involvement

Tenants are able to scrutinise performance. Tenants are to be given the opportunity to be involved in the commissioning and carrying out of routine repairs.

This proposal includes 'Tenant Cashback' which gives tenants the opportunity to be involved in the management of repair and maintenance services for their homes. This would enable tenants to undertake or commission routine repairs themselves, in agreement with their landlords.

The Government believes that this will enable tenants, who want to, to take more responsibility for their homes. At present this scheme will be piloted only and the Government do not envisage prescribing how any scheme should be run.

iv. Rent

The Affordable Rent Model will be introduced. Affordable rent homes will be made available to tenants up to a maximum of 80% of local market rent. They will be allocated in the same way that social rent properties are now and existing lettings arrangement operated by local authorities and registered providers will continue to apply.

When this proposal was described in a 'Fairer Future for Social Housing', there was general concern in the TMO that it would not be an option anywhere in inner London in its present format.

v. Quality of Accommodation

The level to which housing providers are expected to keep their stock will be clarified. This proposal is to ensure that stock does not fall into a non-decent state.

- 3.2. The full document can be found at:

www.communities.gov.uk/publications/housing/socialhousingregulator

4. OPEN PUBLIC SERVICES REFORM WHITE PAPER

- 4.1. The Open Public Services Reform White Paper has also been dubbed, 'The Big Society Bill'. The Government states that high-quality public services are the right of everyone and the White Paper sets out to explain how the Government want to improve the quality of public services and give value for money to the tax payer. The paper is based on the belief that current services are poor and that by putting choice and control in the hands of individuals and neighbourhoods, public services will become more responsive to people's needs. The White Paper is described in the Chief Executive's up-date report.

- 4.2. The full document can be found at:

www.cabinetoffice.gov.uk/sites/default/files/resources/open-public-services-white-paper.pdf

5. OPTIONS FOR DEALING WITH SQUATTING

- 5.1. The Ministry of Justice has prepared this paper. The paper prepares the way for the Government's Empty Homes Strategy and its wider Housing Strategy to be published in the autumn. Its timing is also in response to complaints from MPs, businesses and members of the public about squatting and several high profile cases reported in the media.

- 5.2. The full document can be found at:

www.justice.gov.uk/downloads/consultations/options-dealing-with-squatting.pdf

6. EQUALITY IMPACT ASSESSMENT

- 6.1. The main aim of both these consultations is to give all residents more say in how public sector services are delivered. Flexible tenancies may be perceived to have detrimental effect on some members of the community. Similarly, some vulnerable people may be adversely affected if squatting is criminalised. However, neither proposal is detailed enough to draw firm conclusions.

7. CONCLUSION

The TMO Board is **asked** to:

- i. Consider whether they wish to respond to these consultations

- ii. Whether they wish to nominate some Board members to form a view and circulate to the rest of the Board in time for sign-off by the Board at its meeting on 15th September.

Yvonne Birch
Head of Strategy & Engagement

Janet Seward
Policy & Improvement Manager



jseward@kctmo.org.uk

Agenda Item 12

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION

TMO BOARD
28th JULY 2011

REPORT BY GOVERNANCE MANAGER AND COMPANY SECRETARY

1. Purpose

- 1.1 This report provides information about the decisions made by the Board Committees since the last Board meeting.

INFORMATION

2. Operations Committee – 31 May 2011

There were no decision items on the agenda. The Operations Committee received information and updates on the following matters:

- Capital projects progress report
- Update on projects (including digital TV)
- Performance update for April 2011
- Complaints annual report
- Anti-social behaviour performance monitoring
- Home ownership report
- Horticultural update report
- Process review for the RBKC Regeneration Fund bids for 2012/13
- Contracts update

3. Finance, Audit and Risk Committee – 14 July 2011

The Finance, Audit and Risk Committee made the following decision at its last meeting:

- To recommend to the Board in relation to the final draft financial statements for the company for year ended 31 March 2011, that the letter of representation is approved and signed and that the financial statements are approved and signed subject to the letter of representation to be signed by the Executive Team, the receipt of the letter of support from RBKC and letter from Board members on statement of disclosures.

The Committee received information on the following matters:

- Internal audit progress report
- Internal audit recommendations progress update
- Budget monitoring for period 2 (May 2011)

- Corporate risk register
- Financial regulations review
- Update on the Contract Register and waivers under the Contract regulations

Angela Bosnjak-Szekeres
Governance Manager and Company Secretary

