

The Royal Borough of Kensington and Chelsea Tenant Management Organisation Ltd

A Meeting of the TMO Board will be held on Thursday 15th of November 2012, 6.30pm – 8.30pm in the 3rd Floor Boardroom at 346 Kensington High Street, London W14 8NS

Apologies (phone [REDACTED])
Refreshments available from 6pm

Part A – For consideration / decision				
Agenda Item	Report Name	Presenter	Enclosure	Page no.
1	Welcome and apologies for absence Declarations of Interest	Chair		
2	Minutes of Board meetings held on 6 th of September 2012 & matters arising	Chair	√	2
3	Chief Executive's Report	Chief Executive	√	12
4	Mid Year Report on TMO Performance Agreement 2012/13	RBKC	√	16
5	RBKC Property Services update	RBKC	√	32
6	Reappointment of Independent Board Members (Decision item)	Company Secretary	√	37
7	Performance and Business Plan Monitoring Report	Director of People and Performance	√	38
8	Budget Monitoring Report	Director of Financial Services	√	59
9	Feedback from the Committees (Decision Item)	Company Secretary	√	76
10	AOB			
Part B – Confidential				
11	Repairs Service Progress update	Director of Operations	√	88
12	Investment requirements of RBKC housing stock – TMO approach	Chief Executive	This item will be sent separately	
13	Grenfell Tower preconstruction contract award (Decision item)	Director of Assets and Regeneration	√	90

Agenda Item 2

THE ROYAL BOROUGH OF KENSINGTON & CHELSEA TENANT MANAGEMENT ORGANISATION

TMO Board

Meeting held on 6th September 2012

Present: Ms Fay Edwards, Borough wide Board Member (Chair)
Mr Tony Annis, Borough wide Board Member
Ms Mary Benjamin, Borough wide Board Member
Mrs Celine Green, Borough wide Board Member
Mr Iain Smith, Borough wide Board Member
Mr Roy Turner, Borough wide Board Member
Mr Tony Ward, Borough wide Board Member
Mr Jeff Zitron, Council appointed Board Member
Mr Peter Chapman, Appointed Board Member
Mr Jon Dee, Appointed Board Member
Mr Anthony Preiskel, Appointed Board Member

In Attendance:

Mr Robert Black, Chief Executive
Mrs Rupa Bhola, Assistant Director of Financial Services
Ms Yvonne Birch, Head of Strategy and Engagement
Mrs Angela Bosnjak-Szekeres, Governance Manager and Company Secretary
Ms Sheila Cunliffe, Director of People and Organisational Development
Ms Sacha Jevans, Director of Customer Services
Mr Anthony Parkes, Director of Financial Services
Ms Amanda Johnson, Head of Housing Commissioning, RBKC
Mr David Williams, Consultant
Ms Jane Clifton, Executive Office Manager

Apologies:

Mr Reg Kerr-Bell, Borough wide Board Member
Councillor Maighread Condon-Simmonds, Council appointed Board Member
Councillor Emma Dent Coad, Council appointed Board Member
Mr Peter Molyneux, Council appointed Board Member

1. Introduction

The Chair welcomed Board members to the meeting, and

**Action
by**

apologies were given.

2. Declarations of interest

There were no declarations of interest.

3. Minutes of meeting held on 26th July

The minutes of the meeting held on 26th July were agreed and signed as a correct record.

4. Chief Executive's report

The Chief Executive presented his regular update report. Planning applications had now been submitted for the Hidden Homes' developments at Holmefield House and Greaves Tower. The planning application had also been submitted last week for Grenfell Tower. There would be a presentation to the Board on the launch of the credit union at a future meeting.

AP

It was hoped to build on the success of last year's residents' conference and AGM at this year's events on Saturday, 15th September.

The following questions were asked by Board members:

1. It was queried whether there had been any update from the Fire Brigade on ensuring that leaseholders had fire doors that were compliant. Confirmation was given that there was no further news, and update would be provided.
2. It was queried whether Willmott Dixon would be present at the AGM, and it was confirmed that they would have representatives at the residents' conference.

AP

The Board noted the contents of the Chief Executive's report..

5. Asset Investment and Self Financing update

Amanda Johnson, Head of Housing Commissioning, RBKC, gave an update on the development of the business plan for the next five years following the introduction of the new self financing arrangements. This new regime provided more opportunities for investment so the HRA was in a better position. If no debt was repaid and the capital programme did not increase, surpluses could be generated of up to £24m by 2017. The Council could also borrow up to £11m to improve the stock, which was good news but not enough to meet our investment needs.

A recent survey of the condition of the stock, the Rand report, indicated investment was required in the region of £105m by 2017. The current allocation was £7.5m per year for the next four years for capital works, so there was a potential shortfall between the funding needed to carry out basic repairs, and the funding available to the capital programme of £67m by 2017. Lack of investment could create problems in meeting decent homes' targets, and consideration was being given to how to get more investment into the stock.

In addition to the focus on meeting decent homes' targets, RBKC and the Board had higher aspirations for investment than the minimum standard, and also for regeneration of some of the estates. Therefore, how to generate investment for the future was a fundamental issue. RBKC was at an early business planning stage. In summary, based on the figures in the Rand report, we needed to consider how to move forward as the currently available funds would not be sufficient.

Board members asked the following questions:

1. It was queried whether generating surpluses for the HRA could address the funding gap. However, there was only sufficient funding for the basic requirements of the stock.
2. It was asked what the next steps would be, and the timeframe. RBKC would come back to Board in November after considering the available options for generating more funding. RBKC and the TMO would assess the advantages and disadvantages of the available options. The Chief Executive confirmed that the present forecast of a programme of £7.5m would not meet all the needs of the stock, and we also had to have a contingency to respond to any service failures. The self-financing regime was still very new, and discussions on details were ongoing i.e. the debt cap. Another factor to take into consideration was the general economic climate.
3. It was asked what other local authorities were doing. However, circumstances varied, and other authorities were taking different routes i.e. disposal of property. Others had a different borrowing status to RBKC, and powers to build new housing.

RB/SJ

The Board noted the verbal update on asset investment and self-financing.

6. Financial report 2012/13

Rupa Bhola presented the financial report for April to July 2012/13. It was projected that we would stay within budget, and achieve a small surplus of £28k. Although there were some variances, savings would offset additional costs. We had a £1.1m favourable variance on external decorations which would be deferred until 2013/14. There was also a change in the bad debt position, and £100k had been released from the current year's budget.

The Board noted the financial report for April to July, 2012/13.

7. Date of next meeting

The next Board meeting would be held on Thursday, 15th November.

CEO/JDC
10.9.12

THE ROYAL BOROUGH OF KENSINGTON & CHELSEA TENANT MANAGEMENT ORGANISATION

TMO Board

Meeting held on 6th September 2012 - Part B

Present:

Ms Fay Edwards, Borough wide Board Member (Chair)
Mr Tony Annis, Borough wide Board Member
Ms Mary Benjamin, Borough wide Board Member
Mrs Celine Green, Borough wide Board Member
Mr Iain Smith, Borough wide Board Member
Mr Roy Turner, Borough wide Board Member
Mr Tony Ward, Borough wide Board Member
Mr Jeff Zitron, Council appointed Board Member
Mr Peter Chapman, Appointed Board Member
Mr Jon Dee, Appointed Board Member
Mr Anthony Preiskel, Appointed Board Member

In Attendance:

Mr Robert Black, Chief Executive
Mrs Rupa Bhola, Assistant Director of Financial Services
Ms Yvonne Birch, Head of Strategy and Engagement
Mrs Angela Bosnjak-Szekeres, Governance Manager and Company Secretary
Ms Sheila Cunliffe, Director of People and Organisational Development
Ms Sacha Jevans, Director of Customer Services
Mr Anthony Parkes, Director of Financial Services
Mr David Williams, Consultant
Ms Jane Clifton, Executive Office Manager

Apologies:

Mr Reg Kerr-Bell, Borough wide Board Member
Councillor Maighread Condon-Simmonds, Council appointed Board Member
Councillor Emma Dent Coad, Council appointed Board Member
Mr Peter Molyneux, Council appointed Board Member

1. Repairs and Maintenance Service

The Chief Executive introduced this item, and provided some background for the discussion. Since the Board away day in June,

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by**

we had been working on the options for the repairs and maintenance service as requested by the Board. The background to this project was the poor service provided by Morrison, and an even worse service by Connaughts previously with no innovations introduced. It was a huge task for staff to procure a long term contract, and then to find themselves in the position of managing a failing service. 33% of calls to the CSC were made because repairs had not been done properly, or the contractor had not turned up.

Sacha Jevans then introduced the presentation, which would cover the interim position on the service, the work done since the away day on the long term options, key drivers, and the advantages and disadvantages for the TMO. Anthony Parkes would present a cost comparison between the options, and then the risks would be looked at again, and the recommendation.

Current position

Following the failure of the Morrison contract, we had received legal advice that we could enter into an interim contract for 11 months with a 6 month extension without going through an OJEU procurement process, which would have taken 12 months to complete. An interim contract had been negotiated with Willmott Dixon for 11 months with an extension for 6 months, so it was for a finite period. The interim contract had mobilised well.

Over the last two months, Campbell Tickell had been commissioned to look at the options, and Dave Williams' report was attached. Visits had been arranged to other organisations to see alternative services. Thanks were given to Tony Annis and Tony Ward for attending one of these visits. Case studies were included in the papers.

The Board's attention was drawn to page 44, para 2.6, which gave an evaluation of service drivers:

- Productivity
- Quality of service
- Value for money
- Reliability
- Managing risk
- Control and supervision
- Management expertise
- Sustainability
- Growth

These drivers had arisen from the Board away day discussion in

June. The different options had been assessed against these service drivers in addition to cost comparisons.

The options which had been considered were:

1. Traditional procurement for a principal contractor
2. Traditional procurement for multiple contractors
3. Externally managed DLO (joint venture between a contractor and the TMO)
4. TMO directly managed DLO
5. Internal operating service (not a separate company, but just a department of the TMO).

Key drivers for the TMO

- Sustainability: for long term needs
- Control of the quality of the service i.e. this had been difficult to achieve with Morrison because of constant managerial changes
- Opportunities for growth and reinvestment

The advantages and disadvantages were covered in the Campbell Tickell report. Appendix 4 on pages 68 – 69 gave a comparison of the service drivers against each of the options. This table showed that a TMO managed DLO could provide control and supervision, sustainability and growth, quality, reliability and value for money.

Costs comparison for each of the options

Anthony Parkes gave this presentation, and drew the Board's attention to the table on page 56 which gave a comparison between the options on the costs over a five year period. This comparison covered responsive repairs, voids, adaptations plus some decent homes' works for kitchens and bathrooms which could be done through a DLO.

Sacha Jevans presented the recommendation:

- It was recommended that the Board agree in principle to proceed with a TMO managed DLO, and the development of a detailed business plan would be the next step.

Confirmation was given that RBKC had been advised of the proposal, and Councillor Coleridge was in support in principle subject to value for money.

The following points were made:

1. The recommendation was welcomed as a positive way forward, and it was thought that the labour force would be more committed to making the DLO a success.
2. It was asked that an independent view be taken of the detailed business plan i.e. what could go wrong, and how to put it right.
3. It was asked that within the business plan, the amount of time that Executive Directors spend on the project be taken into account in the overheads, and whether other initiatives could suffer as a result.
4. Although the TMO had a lot of experience in managing contracts, it was felt by some Board members that the highest risk option, a TMO managed DLO, was being recommended. It was queried whether there was a half way option while the TMO went through a learning curve. The Chief Executive responded that during the last year, 60 DLOs had been set up nationally because of the failure of private sector contracts, but although there were examples of joint venture companies, it had not been possible to find one that dealt with repairs. When the Morrison contract was prematurely ended, the TMO had had to spend quite a lot of time and money in closing it down and setting up an interim contract. In support of the DLO option, we already had staff who had direct experience of working with DLOs including Andy Marshall, the Assistant Director of Partnering. We had looked at the business case, had a guaranteed market and a secure income. It was recognised that the IT side was a risk. However, another factor was that we were at a disadvantage when procuring a large contract as we were not big enough for the major contractors, and our interests tended to get squeezed out. The Chief Executive confirmed that he did not want to expose the TMO to unnecessary risk, and undertook to bring back a business plan that addressed all these issues.

The Board agreed the following recommendations with the caveat that the business plan receive independent validation, and also be presented to the Finance, Audit and Risk Committee:

1. **It was agreed in principle to take forward a proposal to develop a TMO directly managed Direct Labour Organisation (DLO) as the favoured option for the future delivery of the repairs and maintenance service.**

- 2. It was agreed that a formal Business Plan be developed**
- 3. It was agreed that the Board repairs working group be delegated to oversee this work.**

Thanks were given to Dave Williams, Sacha Jevans, Anthony Parkes, Nural Miah, Andy Marshall, Yusuf Parekh, and Rupa Bhola for all the work that had been undertaken on preparing this presentation to the Board. Board members were reminded that the decision would remain confidential because of the commercial sensitivity regarding the current contract with Willmott Dixon.

2. Any other business

2.1 Residents conference/AGM - 15 September - the Chair hoped that all Board members would be attending the AGM following the residents conference on Saturday, 15th September.

CEO/JDC
11.9.12

Agenda item

Appendix 1 BOARD ACTION RECORD / MATTERS ARISING

NO.	MEETING DATE	MINUTE NUMBER	ACTION	BY WHOM	BY WHEN	UPDATE
1	6/09/12	4	Credit union: presentation to be made to the Board	AP	tbc	
2	6/09/12	4.1	Leaseholder fire doors: Fire Brigade's position on ensuring compliance to be confirmed	AP	As soon as possible	
3	6/09/12	5	Asset Investment: report back to Board in the spring 2013 on the options for generating more funding with regular updates to the Board.	RBKC	By spring 2013	There was an update from RBKC at the Board away days on 2/3 November, and further discussion.
4	6/09/12	1 (Part B)	Repairs' service: business plan for preferred option to be brought back to Board for approval in January 2013. External verification would be obtained for the business plan.	SJ	By January 2013	There was an update at the Board away days on 2/3 November, and there would be further discussion at a Board working group on 22 and 29 November before the business plan was considered by the Finance, Audit and Risk Committee on 13 December, and presented to the Board in January.

Agenda Item 3

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED

Open

For information

TMO Board 15th November 2012
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Report title:	Chief Executive's monthly update report
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Authority for decision:	The Board has ultimate responsibility for monitoring the performance of the organisation.
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Recommendations:	For information
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Regulatory/legal requirements:	None
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Business Plan link:	Keeping abreast of performance initiatives within the organisation, and external developments affecting social housing.
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Equality Impact Assessment/comment:	Equality and diversity issues are taken into consideration.
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Resident consultation:	Ongoing
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Resource implications/VFM statement:	Keeping up to date on the latest developments in social housing is important for shaping the business. Improved performance within the organisation will help the TMO to achieve its VFM objectives.
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Risk:	Failure to engage with the external housing sector could have an adverse effect on the TMO in keeping abreast of developments within the sector. There is also reputational risk if performance fails to improve across the TMO.
Appendices:	0
Total number of pages including appendices:	4
Name, position and contact details of author:	Robert Black, Chief Executive [REDACTED]

Chief Executive's Report

1.0 Hidden Homes

Planning permission has now been received for both the Hidden Homes' projects at Holmefield House and Greaves Tower, and the tender award reports are to be presented to Executive Team for consideration later this month.

2.0 Update on Assets and Regeneration

We have successfully recruited to the position of Director of Assets and Regeneration, and an offer has been made. Mark Anderson, Interim Director of Assets and Regeneration, will be finishing his contract with the TMO at the end of December 2012, and returning for the Board meeting in January 2013.

Recruitment to the roles of Head of Capital Investment and Head of Building Services is also underway, and in the meantime these roles will continue to be delivered by Mike Hallimond and Ricki Sams respectively.

Phase 2 of the Assets & Regeneration Department reorganisation and restructuring has also started, which affects the engineers in Building Services. Out of the six engineers, only one engineer expressed interest in applying for one of the new roles, and has now gone through the assessment process. All six current engineer roles become redundant from 31 December 2012, and last working dates have been agreed with the current staff, three of whom have already voluntarily left the TMO. Interim arrangements have been made within the Building Services Team to ensure continuity of service, and to move towards the new arrangements, including:

- The Gas Advisory Service (GAS) are undertaking day to day management of the domestic gas servicing and maintenance contract until spring 2013
- Two interim Building Services Surveyors (Contract Managers) have been appointed, and an additional one will be appointed.
- Permanent recruitment will be concluded by spring 2013, and the interim Building Services Surveyors and Project Managers will continue until then.
- There are also a number of servicing and maintenance contracts in the process of being procured, and the first phase of these procurements will be implemented by spring 2013.

3.0 Credit Union

Work on setting up the Credit Union continues, and the launch is scheduled for Tuesday, 20 November, at the Town Hall. Further details will be provided on a briefing for Board members.

4.0 Fighting Fraud

The Tri-Borough Fraud Awareness Month was launched on Thursday, 8 November, at the Town Hall, which was attended by the Chief Executive of the National Fraud Authority, Stephen Harrison.

The TMO and RBKC have also been nominated for an award at the 'Fighting Fraud Awards' ceremony on Thursday, 6 December, and are in the final three.

5.0 Fire Risk Assessments

All relevant Fire Risk Assessments for common parts have been completed and the identified works have been categorised from 1 to 5 by risk.

Categories 1 to **3** are deemed to be mandatory and have been actioned. These are primarily related to the installation of fire doors to tenanted properties.

A number of door installations remain to be completed as part of these works, and we are working with internal teams, London Fire and Emergency Planning Authority (LFEPA) and RBKC to progress these.

Where necessary, we shall assist RBKC in taking legal action to ensure that these works are completed.

An assessment of the works identified as category 4 and 5 (recommendations only) is being undertaken to establish what action is to be taken, and over what timescale.

Notification of the requirements of the Regulatory Reform Order (Fire Safety) legislation has been sent to all leaseholders of a flat advising that they should have their flat entrance doors checked to establish if they provide adequate fire safety.

Agenda Item 4

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

SCRUTINY COMMITTEE ON HOUSING AND PROPERTY SERVICES

8th NOVEMBER 2012

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

MID YEAR REPORT ON TMO PERFORMANCE AGREEMENT 2012/13

The purpose of this report is to present details of the Tenant Management Organisation (TMO) performance from April to September 2012 against the Performance Agreement.

FOR INFORMATION

1.0 Executive Summary

- 1.1 The performance of the TMO in the first six months of 2012-2013 shows that the organisation is continuing to develop and improve. There has been a good performance in relation to the PI's. All indicators were met, or are within a ten percent tolerance of the targets. Where the targets have not been met action plans to improve the performance has been put in place to ensure the target is reached by the end of the year. All of the audits undertaken to date have been given a satisfactory level of assurance and a medium risk. There is also evidence that the TMO is adapting to the changing environment within housing, working on the Localism agenda, welfare reforms and digital access. Joint work to meet strategic objectives continues in respect of capital investment, asset management, regeneration and health and safety issues.

2.0 Purpose of Report

- 2.1 The TMO (HRA) Performance Agreement was reported to the Scrutiny Committee on 12 July 2012. This sets the performance framework for monitoring the TMO for 2012-13, and is subject to review on a six monthly basis. The Performance Agreement brings together a range of the TMO's housing management activities and the key performance

indicators monitored by the Council which measure the levels of achievement. It also updates on the joint work by the TMO and the Council to meet strategic priorities including new and emerging agendas.

3.0 Key Areas of Performance

3.1 Performance Indicators (PIs)

3.2 The table in Appendix 1 shows the TMO's achievements against the annual targets for the first two quarters. At this mid-year point there is a good performance. All of the seven PI's that are being reported quarterly have achieved their targets or are within 10% of the target.

3.3 Both of the capital PIs H20 (Decent Homes and L4104 (SAP ratings) have achieved their targets. The rent collection and arrears PI is within 5% of its target, whilst the seven weeks arrears target is within 10%. The TMO has an action plan to improve performance in this area. Relet times have not achieved their target of 24 days but are close to the top quartile of 25 days, this is due to the change in repairs contractor. The new provider Wilmot Dixon has completed a number of long term voids and improved the number of days to 25.1 this quarter. The capital programme spend is currently on target with 36.5% spent this year, double the amount spent last year at the same time when the figure was 17.84%. Both the leasehold service charges and major works PIs have met their targets for the mid-year point.

3.4 It has been decided not to formally report on the performance of Wilmott Dixon Partnership, the new repairs provider, for the first 3 months of their contract. This is to allow the contractor time to establish itself and train staff that had been transferred over from the previous contractor, Morrison Facility Services, and to embed new processes. As a consequence there is no submission for the PI, 'appointments kept as a percentage of appointments made' (HS1).

3.5 Audits

The audits undertaken this year are shown in the table below.

Audit Title	Assurance Level Provided to Management	Risk to the TMO
Housing Rents	Satisfactory	Medium
Strategic Property Management	Satisfactory	Medium
Capital Programme	Satisfactory	Medium

Garage Lettings	Satisfactory	Medium
Corporate Governance	Satisfactory	Medium
Leasehold Service Charges and Major Works Estimates and Final Accounts	Satisfactory	Medium

All audits completed were satisfactory assurance and show a medium level risk. Audits in progress and planned for the remainder of 2012/13 are shown below.

Audit Title	Scope	Status
Accounts Payable - Managed Accounts	Full Review	Work in progress
Accounts Receivable - Managed Accounts	Full Review	Work in progress
General Ledger - TMO Managed Accounts System	Full Review	Work in progress
Accounting Systems - TMO Company Great Plains	Full Review	Work in progress
Repairs Including Voids Management and Larger Repairs / Decants	High Level Review	Work in progress
Network Security and Server Infrastructure	IT Review	Work in progress
Leasehold Consultation	High Level Review	Quarter 3/4
Leasehold Income / Debt Recovery	High Level Review	Quarter 3/4
Corporate Governance	High Level Review	Quarter 4
Complaints	Full Review	Quarter 3
Fire Risk Assessments	Full Review	Quarter 4

4.0 Impact of the Localism Act

- 4.1 Due to the nature of the changes introduced by the Localism Act, there are certain areas of work which are the responsibility of the Council and some areas which are the responsibility of the TMO. A project group of TMO and Council staff has been set up to ensure actions are being taken to understand the impact of the Localism Act and to implement the changes.
- 4.2 **Tenancy Policy** – following agreement of the principles on which the Tenancy Policy will be based, a draft Tenancy Policy is being developed

by the Council with input from the TMO.

The TMO is working to identify all the areas of its working practices which require change, and workshops with staff are planned to help inform the policy as well as the procedures which need to change.

A new Tenancy Agreement is being written and the corresponding legal procedures and notices are being developed. Whilst this is being led by the Council, it is dependent upon input from the TMO.

- 4.3 **Housing Ombudsman and Complaints** – Changes to complaints do not take effect until April 2013. The TMO is preparing for the changes by amending policy and procedure documents.

The Complaints Team received and registered 125 complaints between April 2012 and Sept 2012. There were 120 Stage One complaints, 5 were escalated to Stage Two of the complaints process (4%) which is well within the escalation target of 20%.

There were three Ombudsman complaints received in this financial year, none of which were upheld.

The overall complaint turnaround performance has declined; to date 75% of complaints have been responded to against a target of 90%. It should be noted that following consultation with the Complaints Manager and relevant team managers, it is believed that the decline was due to challenges around the introduction of the new repairs contractor in June 2012 and the outstanding work orders from the previous contractor. There have also been delays in obtaining information from external agencies who held vital information in relation to some complaints and a lack of operational prioritisation.

The timely answering of complaints is the responsibility of each team manager. Therefore, in order to improve repairs performance, a weekly meeting had been established with the Complaints Team and the Repairs Manager, who is responsible for the majority of the complaints to answer, to resolve complaints properly and quickly.

The TMO's new KPIs include monitoring the satisfaction with the outcome and the handling of complaints. To date, however, the response from residents has been too low to produce statistically viable data. Another survey is planned for February 2013.

A new unreasonable behaviour policy was agreed by the TMO Board and is now in place which saves officer time dealing with vexatious complainants.

- 4.4 **Welfare reform**– Information has been provided to the TMO from the Benefits section at the Council which identified households which will be impacted by welfare reform. The TMO has a high number of households – over 500 tenants - who will be affected by the changes which restrict the amount of Housing Benefit that can be claimed for working age applicants who are under occupying their home. There are also 36 tenants affected by the overall benefit cap which restricts the total amount someone can claim in benefits to £350 per week for a single person and £500 per week for couples and families. The Housing Benefit section will be working with the TMO and Job Centre Plus to try to support those customers affected by the changes; this includes assistance to help find employment, advice on moving to more suitably sized accommodation as well as how to request assistance from the Council's discretionary Housing Payment scheme.
- 4.5 **Mutual exchange and assignment** – New mutual exchange policies and procedures have been developed by the TMO, and these are currently being considered by Counsel.

In regards to assignment, the TMO is now making the Housing Department aware of any assignments which take place. Further work is planned to develop the TMO procedure for dealing with assignment. This will be completed over the next three months. TMO staff, in conjunction with RBKC staff in the Housing and the Legal departments, are reviewing how to roll-out these changes with a view to all changes being in place for the financial year 2013/14.

- 4.6 **Succession and death of a tenant** – Changes to the types of notices which are served following the death of a tenant have been written and the TMO will be using these going forward. Consideration is being given under the development of the new Tenancy Agreement to succession. Following Counsel's advice, the Housing Allocation Scheme will contain the necessary policy for discretionary succession and the TMO is now reporting successions to the Council.

5.0 Investing in the Borough's Stock

- 5.1 The introduction of Housing Revenue Account Self Financing offers the Council the option of being more creative about leveraging in stock investment finance. We want ensure we lever in the maximum investment to renew, regenerate and repair the homes that we own. The Council is currently in the process of identifying a contractor to deliver an options appraisal for the investment in our stock.
- 5.2 In the short to medium term the Borough is producing a HRA and Capital Plan, with the assistance of the TMO to establish and determine

the investment needs for the next five years from 2013 – 2018 based on meeting statutory requirements and health and safety, including Decent Homes.

5.3 As part of this work the TMO has commissioned Savills to use the information gathered from the stock condition survey to develop the approach to asset management and to determine the long term investment needs of the stock (including regeneration). The outcome of the first two phases of this work is due to be reported in February and this will be monitored over the next four months

5.4 These reports will be used to develop the Asset Management Strategy and to determine the most appropriate funding models to enable the Council to invest in the stock in the future.

6.0 Key areas from the TMO Business Plan 2009-2014

The TMO has a corporate business plan to deliver its five strategic priorities:

6.1. Increase resident satisfaction and put customers at the heart of everything we do - achievements in this area are:

- More than 180 residents attended the combined the Residents' Conference and the Annual General Meeting (up from 100 last year). There was an increase of over 100% in the numbers voting at the AGM and 40% of the members voted online.
- Following consultation in September the TMO published the Annual Report to Tenants after taking advice from members of the Resident Communications Reading Group publication. The panel wanted: honesty about performance; more information on benchmarking; more information on what money is spent on; highlighting of opportunities for residents to get involved and inclusion of photographs and residents' stories.
- Planning the new Employment, Training and Youth Road Shows to be launched in quarter 4, this work complements the RBKC launch of a project to link social housing tenants on benefits with employment and training opportunities.
- This year also saw the last of the 'Get on Board Road' Shows that started last August. The road shows were part of a campaign to educate and encourage residents about opportunities to influence and shape TMO services. 730 residents attended the shows and 114 signed-up to become members.

6.2 Raise housing standards by delivering quality and accessible services - achievements in this area are:

- The Board has carried out a fundamental review of how best to deliver the repairs service going forward into the future to address the failures of private contractors.
- In late June 2012 the responsive repairs contract was taken over by the Willmott Dixon Partnership. This arrangement is for a period of 11 months with the possibility of a six month extension. During this time, the TMO will look at alternative ways of delivering the repairs service.
- The Board led in a response to the Council's Housing Strategy which reflects the TMO Board view and considers the aspiration of current and future tenants
- Ensuring that the TMO responded to relevant consultations such as the Localism Act and the Right to Manage
- Continuing with the Customer Change Programme which includes:
 - A learning development plan which is on schedule
 - Successful implementation of remote working so that 5 customer service staff can work at home if required to do so
 - A suite of Key Performance Indicators established.

6.3 Grow our Business and Protect our assets - achievements in this area are:

- The most significant issue in this area is the requirement to develop a 30 year HRA business plan to regenerate the estates brought about by the changes to the Housing Revenue Account and the Council's invitation to set-up a joint project with the TMO to work through the options available.
- Development of a Decent Homes Programme

6.4 Maintain financial viability - achievements in this area:

- Budget position as current projections
- Working with the Council on business change options
- Developing a thirty year investment strategy with the Council

- Currently arranging annual budget challenge meetings with budget holders to discuss 2013/14 budget
- Producing stock condition data with a target of 100% external blocks and a sample of 30% internal

6.5 **Improve organisational capability** - achievements in this area:

- This year's TMO Board elections have attracted a much wider interest than previously. All residents were invited to attend a capacity building programme in the run-up to the elections and 80 residents expressed interest and attended these sessions. Sixteen candidates stood at the election for two positions. All candidates' statements were online and were viewed by around 1600 members, therefore making the process more accessible. Nearly 1300 members voted in the election, which was 400 more than in previous years. This led to an increase in members voting from a historic 20% to a substantial increase to 32%.
- The TMO corporate theme for this year is People First and a training programme has been produced, 'Developing Together' to support and develop the knowledge, skills and behaviours at the TMO to put People First.
- New ways of working are being developed as a result of the reviews and restructures of Assets and Regeneration, Customer Service Centre and Estate Services
- Project Management training is being rolled out to all managers
- Rolling out of electronic document management throughout the organisation
- Renewing the Customer Excellence Award in June
- Successful reaccreditation by the Department of Work and Pensions of the Two Ticks, Positive about disabled people award.
- Helping to improve IT literacy for our customers by participating with Race Online – Go ON UK

7.0 **Modular Management Agreement (MMA)**

7.1 The MMA review is being finalised with the main changes being the :

- inclusion of the allocations process now that it has been brought back in house to the Council.
- clarity on the asset management function and service level agreements.
- A review of policies and procedures that have been incorporated in the schedules, this includes new ways of working such as the tenancy strategy, self-financing and right to buy processes.

7.2 The agreement between the TMO, Council and Lancaster West

Estate Management Board is the only remaining part of the update and this will be concluded by the end of the calendar year.

7.3 Under the terms of the Modular Management Agreement (MMA) the Council is required to monitor the total performance of the KCTMO in carrying out its management functions they perform under the MMA. The Council is required to do this as part of a Five Year Review. In monitoring the TMO's performance the MMA requires the Council to pay particular attention to:

- a) the democratic standards of control and compliance with KCTMO Rules or Memorandum and Articles of Association;
- b) the standards of implementation of the Equal Opportunities Policy and Procedures;
- c) the general efficiency of KCTMO administration and the use of KCTMO Key Performance Indicators to demonstrate the achievement of (or failure to achieve) the required performance standard
- d) KCTMO Standards of financial control and its financial viability
- e) the allocation of vacant Property dwellings to housing applicants and the implementation of fair housing policies and good tenancy management

The review is currently underway and should be completed by the end of the year.

8.0 Lancaster West Estate Management Board

8.1 The TMO has continued to build a good working relationship with the EMB Board and with RBKC and has been providing the Lancaster West Estate Management Board with housing management services in accordance with the MMA. A new area manager was appointed in December 2011 and Lancaster West was subject to a Council audit of operation services and governance in April 2012. The result was a satisfactory assurance audit and a medium risk.

8.2 The work on a new MMA for Lancaster West continues between the Board and the Council, with the TMO advising as appropriate as the service provider. The current draft MMA is with the Council's legal services department for revision, and will include a review of governance from RBKC.

8.3 All services are being delivered within the agreed budget.

8.4 The current capital investment in Grenfell Tower will improve the office and service delivery conditions to provide better access for

residents.

9.0 Health and Safety

- 9.1 Work continues in the area of fire safety. Specifically, the third and final phase of the Fire Risk Assessment programme (the low risk properties) has been successfully concluded. All RBKC residential blocks have now had a Fire Risk Assessment which is considered to be "suitable and sufficient" as defined by the legislation and enforced by the London Fire Brigade. Furthermore, these assessments were completed slightly ahead of the indicative timetable set by the London Fire Brigade.
- 9.2 Progress continues with implementing the recommendations made by the assessments - particularly those classified as high or medium risk priority. Specifically, the significant recommendations made in relation to Trellick Tower and to non-compliant flat entrance doors. The programme of fire safety works at Trellick has now been completed and a flat entrance door replacement programme for tenants' doors is also nearing completion.
- 9.3 Liaison with RBKC and LFB continues to clarify responsibility for enforcement of non-compliant leaseholder flat entrance doors. In the absence of a definitive answer, the TMO have written to all leaseholders to advise them of the requirements of the legislation and further letters have been despatched to all leaseholders whose doors have been highlighted by the FRA as being potentially non-compliant seeking written confirmation that their doors meet the required standards.
- 9.4 A programme of installation of carbon monoxide detectors in all dwellings with gas appliances/ supply which was initiated in the previous business year is now nearing completion. Further initiatives to facilitate access for gas servicing and thereby improve resident safety are also in hand.

With regard to water quality and legionella prevention, a replacement programme for communal cold water tanks identified by the water quality risks assessments is now on site and due to complete shortly.

- 9.5 No enforcement action was taken and no LFB Deficiency Notices were received in this six months. Full details are available in the TMO's Annual Health & Safety Report.

10.0 Digital access

- 10.1 The Government has identified that residents in social housing do not have the same access to broadband and digital services as those in private and owner/occupied housing. The majority of tenants now have the option of accessing broadband services through cables that were installed as part of the installation on digital TV, but in a rapidly changing market this would not give all tenants access to the fastest services currently available.
- 10.2 A Tri-borough Project is looking at the issue of digital inclusions to identify if there is scope for the three boroughs to work on the issue together. The TMO will be working alongside the Council to ensure that the Kensington and Chelsea residents will benefit from anything that comes out from this work.

11.0 Sheltered Housing Review

- 11.1 A 2009 stock condition report highlighted the fact that sheltered and extra care housing schemes in the borough are not suitable for future demands and the housing aspirations of older people. A recent sheltered housing suitability report concluded that small scale works will not sufficiently improve the housing stock.
- 11.2 The TMO currently manage five sheltered housing schemes. They also provide property management to one extra care housing scheme in the borough, from which Adult Social Care deliver services. None of the schemes meet current day design standards or provide the density of units that would be required to meet strategic housing objectives for the future.
- 11.3 A specification has been drafted that details what the Council would expect older people housing to look like in the future.
- 11.4 The Council is working with the TMO as part of its wider programme of work to develop housing for older people and to identify future options for improving the sheltered schemes.

12.0 Hidden Homes

- 12.1 Sites have been identified for conversion to provide new homes for Council rent. These include an undercroft area at Holmefield House on Hazlewood Crescent in Golborne Ward and vacant former office facility in 1-3 Greaves Tower on the World's End estate in Cremorne Ward.
- 12.2 The schemes at Holmefield House and Greaves Tower are both expected to provide three new homes. The projects are to be fully

funded by RBKC, and the TMO is to act as a development agent. The planning-stage design work has been completed for both schemes, resident consultation has been undertaken, funding approval has been granted by Cabinet and a planning application has been submitted.

12.3 Further resident consultation will take place throughout the development period. Subject to planning consent, work is expected to start early in the New Year, with completion in Autumn 2013.

12.4 In addition to the Hidden Homes initiative, Grenfell Tower will be regenerated with funding from the Council, and from the Capital Programme. This investment will improve the homes within the tower, the general environment around the base of the tower and deliver seven new homes.

13.0 Grenfell Tower

13.1 In addition to the Hidden Homes initiative, Grenfell Tower will be regenerated with funding from the Council through a regeneration fund and the Capital Programme. This investment will improve the homes within the tower, the general environment around the base of the tower and deliver seven new homes.

14.0 Trellick Tower

14.1 The Edenham Way old people's home site is the next significant regeneration project for the Borough which requires extensive resourcing to deliver. Trellick Tower is next to the Edenham Way site and work is currently being undertaken to explore how best the development of this site can aid investment in Trellick Tower and to regenerate the areas around the base of the listed building. An architectural study has been commenced and consultation with local residents will form an integral part of this piece of work. Major works continue on Trellick Tower as part of the annual capital investment programme, this includes Decent Homes and modernisation works which are scheduled to continue until 2023.

15.0 New Business – Travellers' Site Management

15.1 The TMO made a successful bid to manage the Stable Way Travellers' site at the start of the year. Since the site has been under the TMO management the Travellers have reported a significant improvement in relation to repairs and overall housing management, which is creating efficiencies particularly in terms of Council officers' time spent on resolving issues, and an overall improvement in the satisfaction of the residents.

16.0 Conclusion

- 16.1 It has been an exciting year so far with a number of projects that focus on the future. New legislation is starting to impact on the residents which the Council and the TMO are managing; joint working will continue to minimise the impact. Looking forward the focus is the investment in the stock and the TMO is taking on new responsibilities in term of managing development and inputting in to the Council's strategies in this area. The TMO's structures and core business have continued to be solid, in terms of performance, audit, core housing management activities and health and safety which puts it in a good position to be able to make the most of the forthcoming opportunities.

Appendix 1 – 2012-2013 Performance Indicators

Ref	Title	Good is?	2011-12 Target	2011-12 Actual	2012-13 Target	Q1 Actual	Q2 Actual	Target met	Future Prospects	Commentary
HS1	Number of appointments kept	High	New	New	98%					It was agreed that whilst the service by the new provider was embedding that there would be no reporting on this PI.
H20	% non-decent council homes	Low	3.0%	1.0%	≤10%	5%	6%	😊	LOW	The percentage of non-decent homes has increased from 5% to 6% and is attributed to the limited capital resource available to invest in the housing stock. The level of non-decency remains within the annual target.
L4101	Energy efficiency of housing stock	High	66	69	≥65	66.5%	66.5%	😊	LOW	The average SAP rating for the housing stock, at 66.5 continues to remain static and within target since the last quarter. It is reiterated that based upon the present funding constraints no significant projected changes to the SAP value are anticipated in 2012/13 annual PI

L 4103	Rent collection and arrears recovery: rent collected	High		97.4%	97.6%	97.65%	96.72%	96.78%	☹️	Low	The collection rate has improved this quarter, but is just under 1% short of the target. Overall there is an improvement on 2011/12 with £1.9 million more collected in cash terms.
L 4104	Rent collection and arrears recovery: seven weeks arrears	Low		6.19%	6.60%	6.0%	5.98%	6.35%	☹️	Medium	<p>A number of measures have been introduced to improve performance including:</p> <ul style="list-style-type: none"> Introducing Income Officer targets for the number of home visits and office appointments to be carried out each month. Increasing in the number of monthly system 'Blitz' days undertaken. The team has collected over £487,645 since April by this method. <p>Following court action the team have undertaken 13 evictions so far in 2012-13.</p>
L 4108	Average time to re-let local authority housing (days)	Low		27	24	24	25.5	25.1	☹️	Medium	Performance has been impacted by the change in repairs contractors. The outturn for both August and September was within the target and it is anticipated that the target will be achieved by the Christmas period.

L 4123	Proportion of approved housing capital investment programme spent	High	83.00%	99.00%	100%	3.88%	36.5%		Low	Annual PI - As always with the annual capital programme the majority of spend will be in Q3 and Q4 of the financial year.
L 4146	Collection rates - Leaseholder Service charges	High	112%	107%	47.9%	23.88%	52.64%	😊	Low	Above target
L 4149	Arrears collection - Leaseholder Major Works	High	294%	271%	69.2%	33.33%	80.14%	😊	Low	Above target

Agenda Item 5

RBKC Property Services Update

Half Year HRA Update November 2012

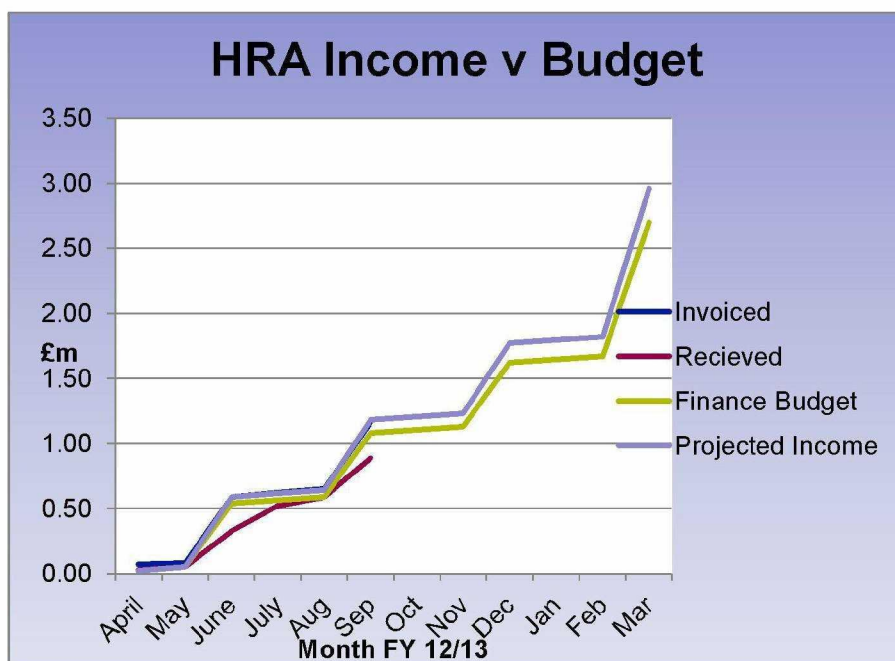
Introduction

Corporate Property manages the Council's investment property portfolio. This portfolio is made up of four parts: the General Fund, the Housing Revenue Account (HRA), the Policy and Partnership Unit (PPU) and income from other departments (HHASC, TELS & FCS).

This report is for KCTMO focusing on the performance and progress of the HRA portfolio only, for the first half of the 2012 financial year (1st April – 30th September 2012).

Income

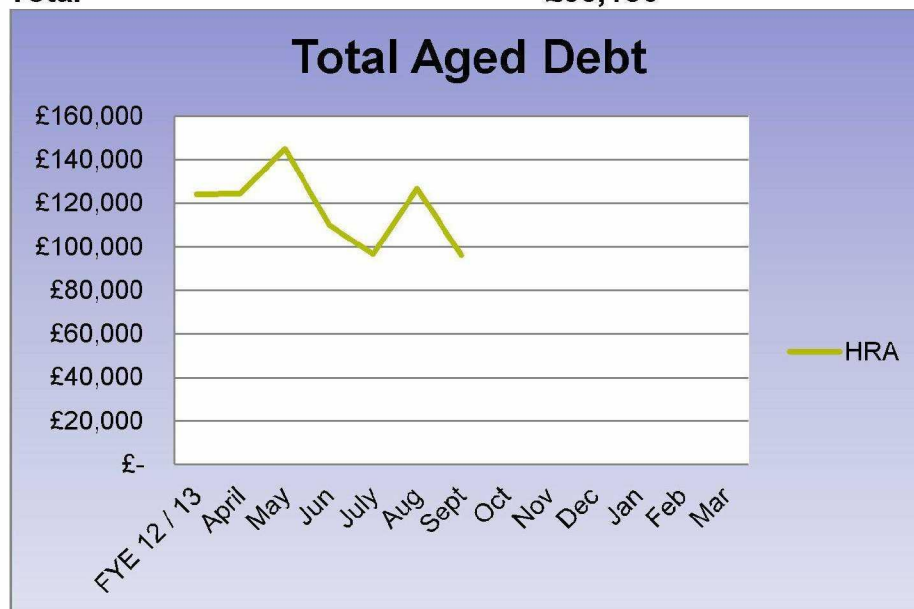
Budget	£1,080,000
Invoiced	£1,160,000
Received	£890,000



Income is slightly over budget due to October invoices being raised during the September reporting period. Income is on target to match budget by year end.

Aged Debt

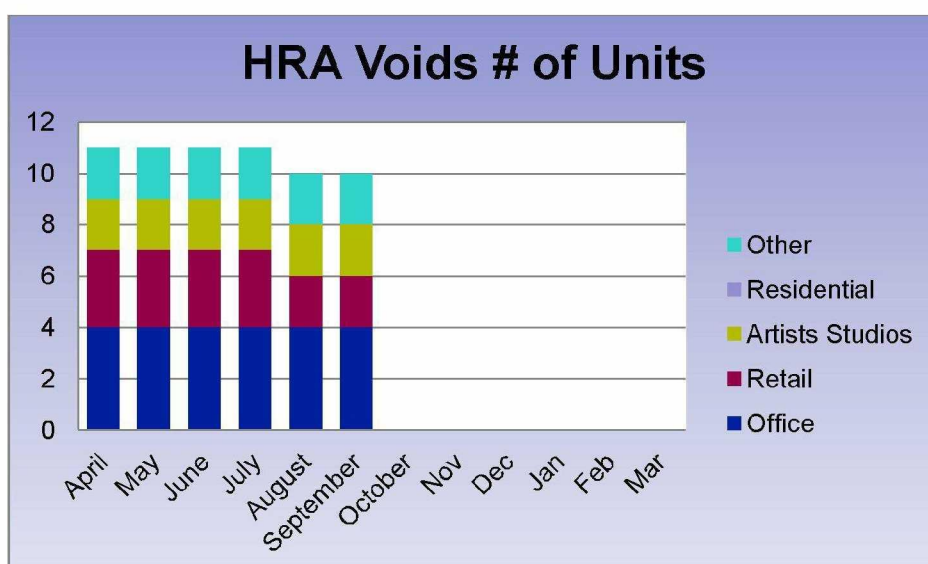
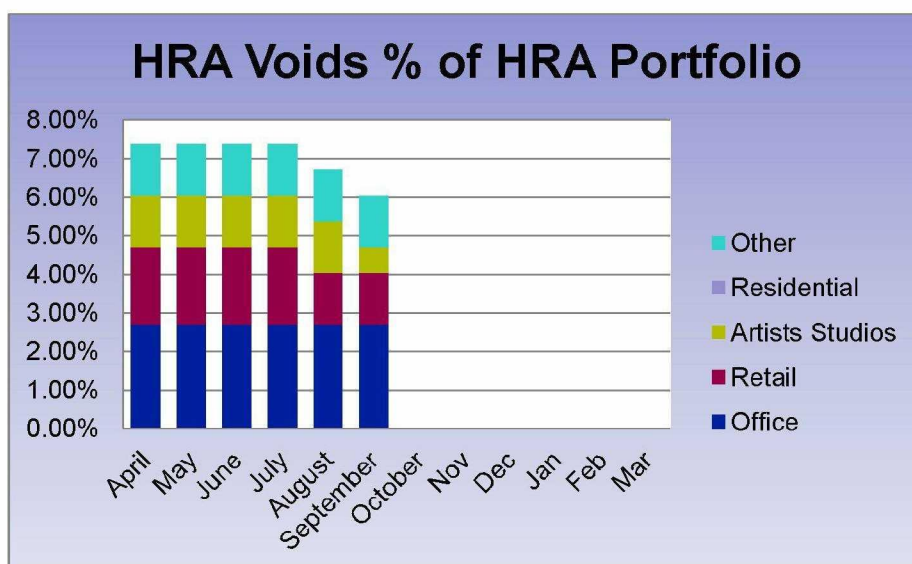
30-60 days	£ 3,441
2 -4 months	£37,834
4-10 months	£38,529
10-22 months	£ 3,004
Over 22 months	<u>£13,328</u>
Total	£96,136



As we saw at the end of the previous financial year HRA debt levels continue to fall through the active debt management process in place. Total debt remains significantly below KPI target (5% projected rent income).

Voids & lettings

Office	4
Retail	2
Artist Studios	2
Residential	0
Other	<u>2</u>
Total	10

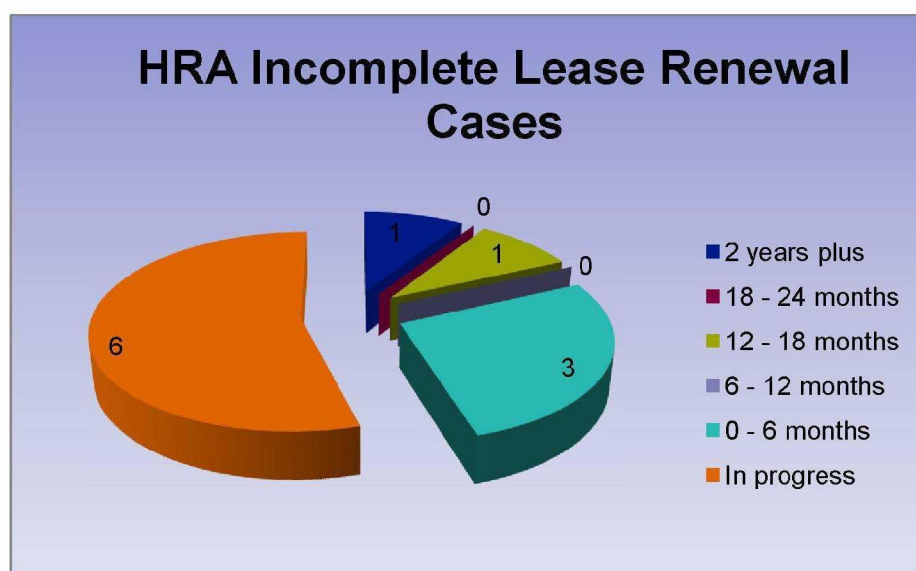
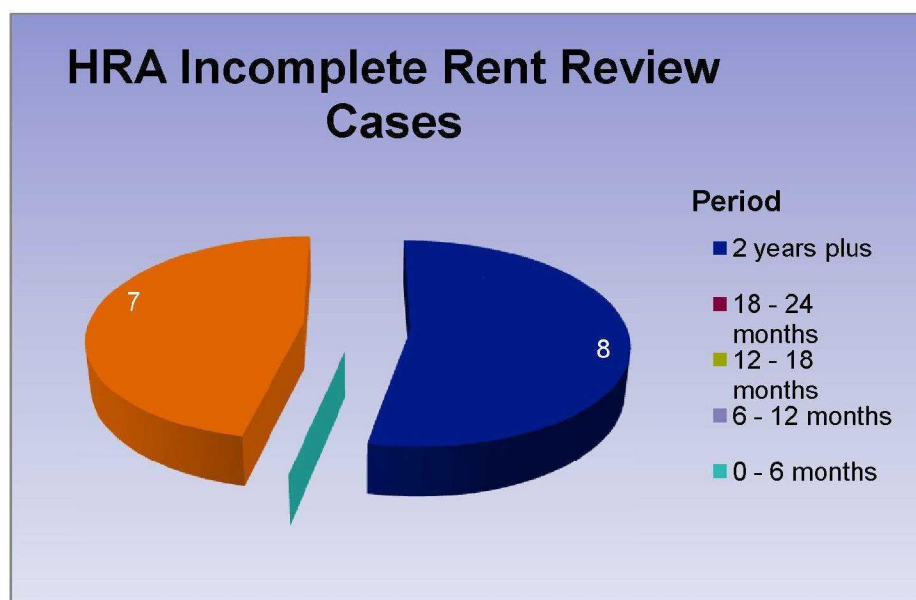


The voids have been measured in terms of number of units and, more critically, as a percentage of value of the total portfolio annual rental value.

The net position is that whilst the number of void units has not decreased significantly they are of a lower value resulting overall in an improved financial position.

A number of new lettings are currently being progressed by the legal team and expected to complete in the coming months. Evidently, this will decrease the number of voids of both units and as a percentage of the portfolio.

Lease Renewal and Rent Review Cases



A continued targeted approach has led to a significant reduction in the backlog of outstanding cases with many being completed in the 1st half of the financial year.

All future lease renewal and rent review cases are to be actioned and negotiated in line with the relevant timescales.

Property Management cases

Chelsea Farm House Studios

Persistent leaks causing lasting damage to the entire block. Water tanks were reviewed earlier in the year and resulted in one becoming disabled by the TMO for a fresher water supply. Leaks began again a few weeks ago, which coincided with the boiler being replaced. TMO are to provide an update.

401 Kings Road

Problems with leaks from the first floor flat which were found to be due to the central heating pipes. This has now been dealt with however there are fresh leaks due to the hot water central/heating pipes in the common parts of the property above. This has caused serious problems as the main street door is swollen and difficult to close and a crack has appeared above the shop window. We have put wooden supports under the cracked piece above the shop and there are black polythene bags coming down onto the shop front from when the TMO started to repair the leak. TMO are to provide an update on when the works will be completed.

Camelford Walk

Reports of more leaks recently however Andy Marshall at TMO informed that repairs the TMO carried out seem to have stopped the majority of the water ingress into the garage compound.

Oxford Gardens

They are still experiencing problems with water coming through from the upstairs boiler room into the management offices below. The room in question is in a TMO part of the building and it is reported that engineers have been round to have a look and they will have to drain out the boiler system for the whole building to repair. They started draining it over the side of the building but I am informed that water is now coming into one of the meeting rooms, so there is now water damage to the back wall of the room and in the ceiling of the manager's office at ground floor.

Summary

The report confirms a gradual improvement in performance and that KPIs for debt position, lease renewal and rent review are being reached on a monthly basis. With the steady improvement in performance shown throughout the year it is anticipated that all KPIs will be met by the end of the financial year or reviewed if no longer relevant.

- The budget invoice level for the end of September is £1.08m. The amount invoiced at £1.16m slightly exceeds the budget.
- Current debt stands at £96,136 a fall from the start of the financial year.
- Stable void position and targeted marketing continues to reduce the overall position. Currently drafting the legal documentation for a few prospective lettings.
- Number of lease renewals and rent reviews outstanding continues to fall in line with the KPI's set at the start of the financial year.
- Property management issues to be discussed in monthly meeting with TMO helpdesk.
- Team restructure with **G**raham Watson replacing Jonathan White as Senior Commercial Property Manager.

Agenda Item 6

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

TMO BOARD
15TH NOVEMBER 2012

REPORT BY THE COMPANY SECRETARY/GOVERNANCE MANAGER

RE-APPOINTMENT OF INDEPENDENT BOARD MEMBERS

1. Purpose

- 1.1 This is a report to the Board on the re-appointment of Independent Board Members in line with the procedure agreed by the Board on the 26 July 2012.
- 1.2 The Appointments Panel will be meeting on the 14 November 2012 and it will be making a recommendation about the re-appointment to the Board.

DECISION

Two Independent Board Members are due for re-appointment, Peter Chapman (first appointed in 2007) and Jon Dee (first appointed in 2009). In accordance with the re-appointment procedure, the Company Secretary has ascertained whether the Independent Board Members that are due for re-appointment wish to continue serving on the Board or do they wish to retire. Peter Chapman expressed his wish to continue serving on the Board. Jon Dee expressed his intent to retire at the end of December. The Company Secretary will commence the process for recruiting a new Independent Board Member.

The procedure, as agreed by the Board, prescribes that in the event that the Independent Board Member who is seeking to be re-appointed is serving on the Appointments Panel, another Independent Board Member shall take their place on the Panel. Anthony Preiskel will replace Peter Chapman on the Appointments Panel for the next meeting of the panel.

The Appointments Panel will consider the outcome of the last appraisal for the Independent Board Member, which was carried out as part of the Board appraisal process in October. Following a deliberation, the panel will agree whether to make a recommendation to the Board to re-appoint the Independent Board Member. The Board will ratify the re-appointment at its meeting on the 15 November 2012.

Angela Bosnjak-Szekeres
Company Secretary and Governance Manager

Agenda Item 7

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED

Open	
For information	
Board	
Report title:	Performance Update 2012-13 –Quarter 2
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 and Business Plan have been developed with the full involvement of staff, management and the Board, and in consultation with residents, key stakeholders, and partners, of which the Royal Borough is paramount.
Resource implications/VFM statement:	Existing resources
Risk:	If targets are not met there is a high reputational risk and the TMO's core business could ultimately be affected.
Appendices:	2
Total number of pages including appendices:	21
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 15/11//2012

REPORT BY HEAD OF STRATEGY AND ENGAGEMENT

**PERFORMANCE INDICATORS AND BUSINESS PLAN UPDATE –
QUARTER 2 (2012-13)**

1. PURPOSE

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

FOR INFORMATION

2. INTRODUCTION AND BACKGROUND

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

3. PERFORMANCE INDICATORS

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

4. OVERVIEW OF KEY BUSINESS AREAS

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

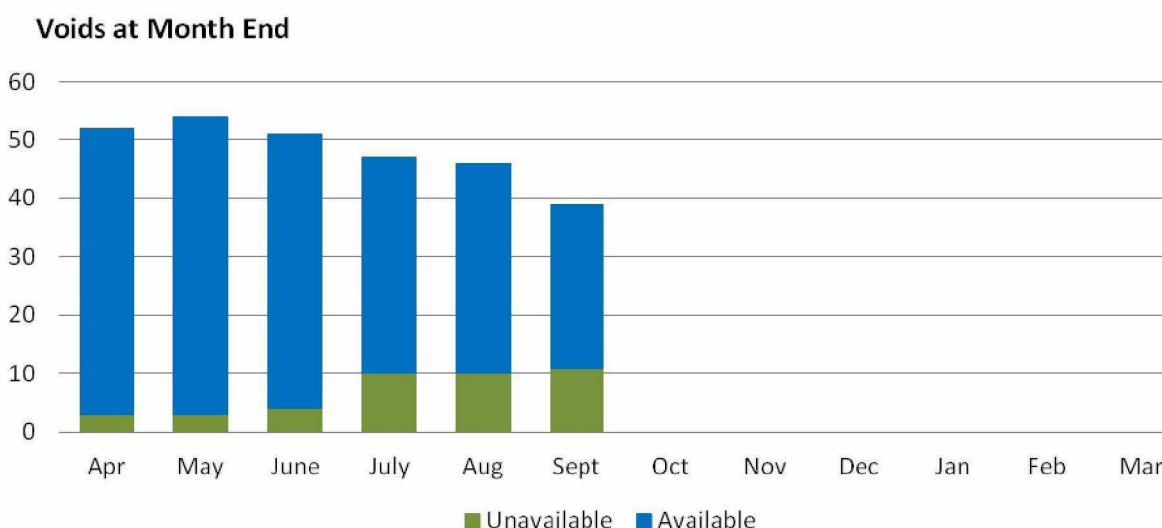
5. REPAIRS & MAINTENANCE

- 5.1. Wilmott Dixon's performance for their initial settling in period (July to September) has been below our anticipated performance levels with only appointments made and the number of recalls reported achieving the set targets.
- 5.2. The Wilmott Dixon management team have recognised that their first quarter's performance did not meet expectations and have provided a comprehensive action plan on how they intend to improve for October and beyond.

- 5.3. Wilmott Dixon are currently engaging with the TMO teams on a daily basis to correct systems and processes that have been identified as impacting on performance and we remain confident that outcomes will improve over the coming weeks.

6. VOIDS AND LETTINGS

- 6.1. The drop in the performance of Morrison during the final months of the contract impacted negatively on the average turnaround time for a general needs void.
- 6.2. Following the commencement of the WDP contract, performance has improved with the average re-let time well within target for both August and September. It is anticipated that the target of 24.0 days will be achieved by Christmas.
- 6.3. The number of current voids has continued to decrease following the change of contractor in June. The increase in the number of 'unavailable' void is due to a number of ongoing Hidden Homes and development projects.



7. CAPITAL WORKS AND GAS SAFETY

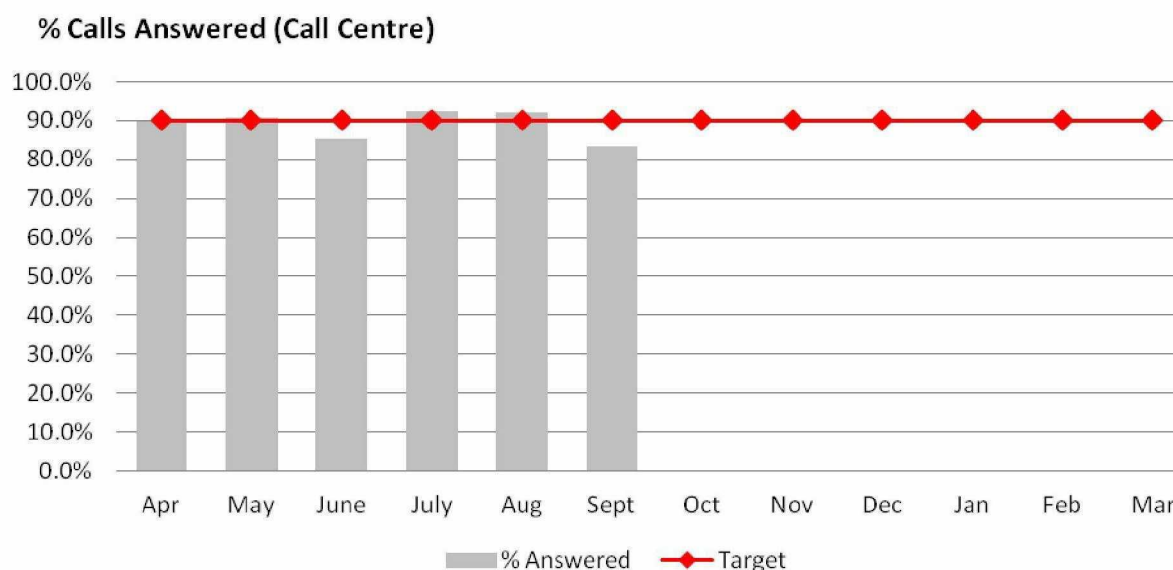
- 7.1. Non-decency levels have increased from 5% to 6% during the second quarter, which can be attributed to the limited capital resource available to invest in the housing stock.
- 7.2. The average SAP rating for the housing stock is 66.5 and has remained static since the last quarter. It is reiterated that based upon the present funding constraints no significant projected changes to the SAP value are anticipated in 2012/13.
- 7.3. Gas servicing compliance is at 99.6% against a target of 100%. At the end of September there were 20 properties without a current Landlords Gas Safety Record (LGSR). The servicing Contractor is undertaking

evening, weekend and cold calling measures in an effort to reduce these and the TMO are continuing to progress agreed legal proceedings via the application and serving of a warrant to gain access. Processes are being further streamlined to improve efficiency and performance.

- 7.4. Procurement for the current year's Capital Programme commenced in 2011/12 and it is anticipated that the £9.261m budget will be spent by April 2013. Spend at the end of September 2012 was £3.43m.
- 7.5. *Projection figures for monthly capital spend for the remainder of the year have recently been adjusted following a review of the programme; the supporting KPI report will be updated with this figure prior to the Board meeting.*

8. CUSTOMER SERVICES

- 8.1. Performance for the percentage of calls answered by the Customer Contact Centre exceeded target for both July and August, but an exceptionally busy September impacted on performance for the quarter overall.



- 8.2. Calls increased in late September following a change of weather which led to a significant number of calls from residents requesting the early switch on of the communal heating systems. On the 24th September alone the team received 709 calls, a third of which were estimated to be connected to the change in weather conditions.
- 8.3. An interface issue between the TMO and Wilmott Dixon's IT systems also led to an increase in calls relating to missed appointments. Updating tenants and booking new appointments led to an increase in the average call length for the period.

- 8.4. The TMO's ICT team have worked with WDP throughout the quarter to identify the reasons behind the interface problems and all issues have now been resolved.
- 8.5. The average waiting time for a call to be answered has remained well within target for every month since April.

9. RENT COLLECTION & ARREARS

Current Tenant Arrears

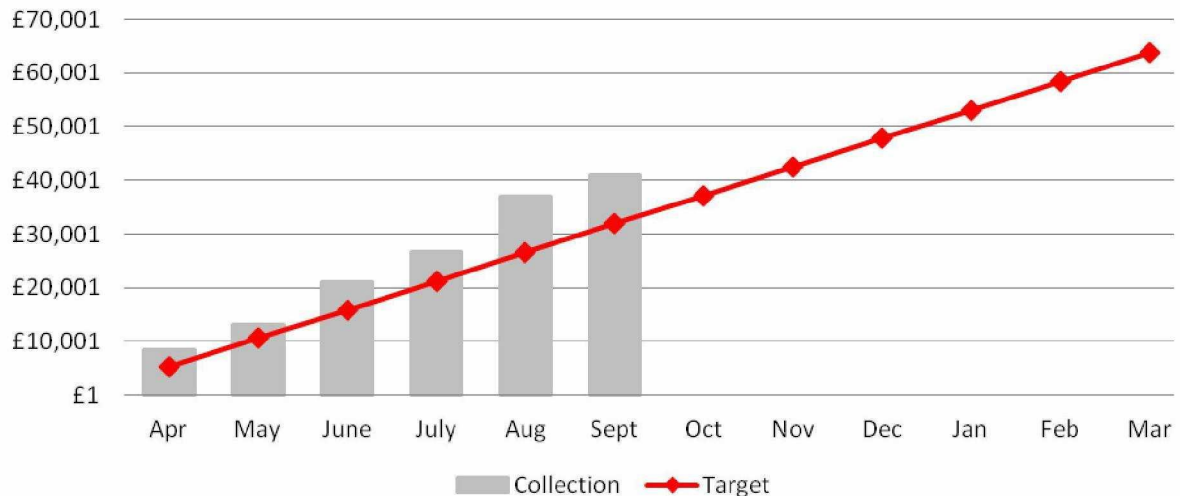
- 9.1. Arrears finished the second quarter at 1.242 million, an increase of around £52,000 since June.
- 9.2. The collection rate for the end of September was 99.30%. Collection rates remained above 99% for the majority of August and September; however, arrears have continued to increase as a result of the collection rate remaining below 100%.
- 9.3. In order to address increasing arrears the team have focused on increasing the amount of face-to-face contact with tenants in arrears, with targets set for a minimum of 10 home visits and 10 office appointments per officer per week.
- 9.4. The team has also increased the number of telephone cold calling 'blitz' days undertaken each month.
- 9.5. Following continued promotion of the convenience of paying by Direct Debit we have further increased the numbers of tenants paying by this method – 970 at the end of September compared to 880 at the end of March 2012.
- 9.6. Heating and hot water charges for residents supplied by communal heating systems are set to increase from November 5th. These tenants have been informed of the increase in their weekly charges and the team have also ensured that they are reminding all effected tenants of the need to increase their payments during day to day contact.

Update: Early indications of the impact of increased appointments, visits, cold calling and court action are positive with arrears at week 31 (October end) falling to approximately 1.167m and the numbers of tenants owing more than 7 weeks rent reducing to within the target.

Former Tenant Arrears (FTA)

- 9.7. Cash collection for former tenant arrears remains steady and above target.

Former Tenant Arrears - Year to Date Cash Collection



10. LEASEHOLD COLLECTION

10.1. The Home Ownership team have successfully hit their targets for both service charge and major works collection for the first two quarters of the year.

10.2. Analysis of the 2011-12 HouseMark benchmarking results show that the team achieved top quartile positions for collection of service charges and overall arrears when compared to the London ALMO group.

10.3. Additional information on how we compare against neighbouring local authorities will be available in late November, following release of the final 'local authority' annual benchmarking data by HouseMark.

11. NEIGHBOURHOOD MANAGEMENT

11.1. Anti Social Behaviour (ASB)

11.2. The number of new nuisance cases reported each month remains low when compared to 2011-12.

11.3. At the close of the quarter we had 192 live cases, a decrease of 120 against the 312 live cases reported in June. This follows extensive work by the Neighbourhood Teams in reviewing all cases over 6 months to ensure that figures accurately represented the cases currently being managed by the team. The majority of the older cases were from the former Academy ASB module used prior to the introduction of W2.

11.4. The cases closed in the period had a successfully closed resolution rate of 100%, which raises our year to date performance to 95.5% - an outcome that puts the TMO in the top quartile for this measure.

11.5. Five satisfaction surveys were returned in the quarter, showing net satisfaction with the handling and outcome of ASB cases at 100%.

Return rates for satisfaction surveys remain low, therefore statistical viability cannot be guaranteed. Assistance is being provided from the Directorate's administrative team on chasing up responses for the third quarter.

12. RESIDENT ENGAGEMENT

- 12.1. During Quarter 2 the TMO engaged with 588 residents through events, activities and involvement opportunities. A total of 29 residents signed up to involvement activities via the 'Get On Board' leaflets.
- 12.2. Quarter 2 saw the finale events for Phase 1 of the 'Get on Board' road-shows, held at the Chelsea Theatre in the south, and at Henry Dickens in the north. The events were well attended and overall the road-show attendance exceeded the targets set down in 2011.
- 12.3. Plans are now underway for Phase 2 of the road-show series, which will focus on 'Employment, Training and Youth Engagement'. The first event is planned for April 2013.
- 12.4. The annual Residents' Conference was held in mid September. In total 182 residents attended the conference, with 90 at the AGM. This represents an increase of 82% and 17% respectively when compared to the 2011 event.
- 12.5. Attendance records show that approximately 30% of the residents attending the conference had no previous history of involvement or participation at TMO events, compared to 18% at last year's conference.

13. COMPLAINTS

- 13.1. The Complaints Team have closed 125 complaints for the year to date. This includes 120 complaints at Stage 1, and a further 5 complaints escalated to Stage 2 of the complaints process (4%) which is well within the escalation target of less than 20%.
- 13.2. There have been three Ombudsman complaints received so far this financial year, none of which were upheld.
- 13.3. The overall complaint turnaround performance declined in the second quarter, with 75% of complaints responded to within target against a target of 90%.
- 13.4. Following consultation with the Complaints Manager and relevant team managers it was felt that the decline was linked to the following areas:-
 - Challenges around the introduction of the new repair contractor in June 2012 and the number of outstanding work orders from the previous contactor,

- Delays in obtaining information from external agencies who held vital information in relation to specific complaints, and
- Lack of operational prioritisation.

13.5. The timely answering of complaints is the responsibility of each team manager. Therefore, in order to improve the performance of complaints about repairs a weekly meeting has been established with the Complaints Team and the Repairs Manager to resolve complaints properly and quickly. This procedure will soon be rolled out to every TMO service area.

13.6. Our new operational KPIs include monitoring customer satisfaction with the outcome and the handling of complaints; however, to date the response from residents has been too low to produce statistically viable data. We are planning to carry out another survey in February 2013.

13.7. A new unreasonable behaviour policy was agreed by the TMO Board and is now in place which saves officer time dealing with unreasonably persistent complainants

14. HUMAN RESOURCES

14.1. The average number of sickness absences per employee for the period April to September was 6.0 days against a period target of less than or equal to 3.3 days.

14.2. The high number of days taken reflects a number of long term absence cases which the Human Resources team are working on in conjunction with the relevant line managers.

14.3. Absence monitoring is being discussed as a priority at both Senior Management Team and Managers' Forum meetings.

15. BUSINESS PLAN UPDATE

15.1. The Business Plan was reviewed in Quarter 4 of 2011/12 and updated to meet the recent changes in housing legislation and KCTMO's new challenges.

15.2. In Appendix B the Business Plan objectives have been updated to show their progress at the end of Quarter 2.

15.3. The status column is colour coded 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

15.4. The Business Plan has been reviewed and updated at the Senior Management Team and by members of the Executive Team.

15.5. At the end of Quarter 1 eight items had been completed and they are listed at the end of appendix B.

15.6. Of the fifty five items either to be completed in quarter 2 or expected to be ongoing:-

- 4 items have been fully completed
- 48 items are on target for completion
- 3 items are amber because there is further work to do to fulfil the needs of the Strategic Priority or because timescales have been revised

16. EQUALITY IMPACT ASSESSMENT

16.1. 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.

17. CONCLUSION

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

APPENDICES

- A) KPI REPORT – April to September 2012
- B) BUSINESS PLAN OBJECTIVES – Quarter 2



Kensington
& Chelsea TMO

**BOARD KPI REPORT
2012-13**

BOARD KPI REPORT - 2012-13

DASHBOARD LEGEND



UQB

Upper quartile benchmark. In most cases this is obtained from the HouseMark report for London 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

08/11/2012 14:35

BOARD KPI REPORT - 2012-13

Repairs & Customer Service Centre



	Q4	2011-12	Q1	Q2	YTD *	Status	Target	UQB
Responsive repairs								
Post inspection failure rate	26.2%	21.8%	43.7%	24.5%	24.5%		<=10%	
Overall resident satisfaction (suspended 3mths)	98.1%	98.4%	susp	susp	-		98%	
Average time to complete (calendar days)	16.8	14.8	9.9	10.3	10.3		9.0	6.1
Appointments made	91%	87.9%	-	92.5%	92.5%		80%	71%
Appointments kept	99%	97.5%	-	96.2%	96.2%		98%	98%
% Repairs completed 'right first time'	88%	94.2%	-	87.3%	87.3%		90%	94.5%
* Year to date figures for Wilmott Dixon Partnership only								
Gas servicing								
Properties with valid LGSC	99.8%	99.8%	99.4%	99.7%	99.7%		100%	100.00%
Properties without LGSC	16	16	29	20	20		0	
Without LGSC > 3 months	0	0	0	0	0		0	
Customer Service Centre								
Calls received	20,725	70,523	19,961	19,263	39,224			
Calls answered (%)	89.2%	93.8%	88.8%	88.9%	88.8%		>=90%	
Average waiting time (secs)	36	34	19	18	19		<=40	
Void performance								
Number of re-lets	49	213	41	53	94			
Re-let time (calendar days)	19.0	23.95	25.5	25.0	25.10		24.0	20.3
% rental loss	0.48%	0.57%	0.73%	0.65%	0.69%		0.75%	1.14%
Voids being prepared for letting	33	33	47	27	27		<=40	
Voids unavailable for letting	3	3	4	11	11		<=6	

08/11/2012 14:35

Page 1

BOARD KPI REPORT - 2012-13

Rent Collection & Home Ownership



	Q4	2011-12	Q1	Q2	YTD	Status	Target	Target for period	UQB
Rent collection									
Rent collected as a % rent due (inc arrears b/f)	97.02%	97.02%	96.72%	96.78%	96.78%		97.7%		97.9%
Rent collected as a % rent due (excl arrears b/f)	99.61%	99.61%	99.21%	99.30%	99.30%		100.23%		100.2%
Current arrears (£million)	1.173	1.173	1.190	1.242	1.242		1.073	1.123	
Arrears as % rent roll	2.83%	2.83%	2.67%	2.77%	2.77%		2.4%		
% of arrears over 7 weeks	5.79%	5.79%	5.98%	6.35%	6.35%		6.0%		
Former Tenant Arrears									
Cash Collection year to date	£15,222	£60,815	£21,154	£40,953	£40,953		£63,716	£31,858	
Write Offs year to date	£16,344	£159,956	£14,388	£90,222	£90,222		£182,158	£91,079	
Leasehold									
Service Charges collection rate	29.3%	107.4%	23.9%	26.8%	52.6%		102.17%	47.928%	
Major Works collection rate	63.6%	271.6%	33.3%	41.5%	80.1%		137.10%	69.276%	
Asset Management									
% Non-Decent Homes	5.0%	5.0%	5.0%	6.0%	6.0%		<=10%		
Average SAP rating	66.5	66.5	66.5	66.5	66.5		>=65		
% Capital Programme Delivery Spent of Annual Budget	99.5%	99.5%							

BOARD KPI REPORT - 2012-13

Neighbourhood Management



	Q4	2011-12	Q1	Q2	YTD	Status	Target	Target for period
Grounds maintenance								
Failed inspections	3.1%	3.2%	3.1%	3.1%	3.1%		5.0%	
Cleaning								
Callbacks	32	183	34	33	67		400	
QA failures	3	9	0	2	2		20	
ASB								
New cases	57	453	64	42	106			
Live cases	298	298	312	192	192			
% Closed cases successfully resolved	-	-	83.3%	100.0%	95.5%		>=88%	
Satisfaction with handling	42.9%	62.9%	85.7%	100.0%	90.9%		>=74%	
Satisfaction with outcome	58.3%	68.3%	100.0%	100.0%	100.0%		>=74%	
Community Alarms Service								
Total Calls Received	25,660	91,920	20,009	26,057	46,066			
Answered within 60 seconds	97.3%	97.4%	96.8%	98.0%	97.5%		90%	
Emergency visits attended within 45 mins	96.0%	95.6%	96.0%	98.5%	97.3%		90%	
Customer satisfaction	99.0%	99%	99%	99%	99%		90%	
Resident involvement								
No. residents engaging in all TMO events, activities and involvement opportunities	645	2103	317	588	905		1200	600
No. new residents signing up to become involved in decision making involvement activities	50	241	35	29	64		120	70
Attendance at Residents' Conference	-	188	-	182	182		120	
Attendance at AGM	-		-	90	90		100	
Number of new RA or Compacts	2	4	2	0	2		7	3

BOARD KPI REPORT - 2012-13



Complaints & Correspondence

	Q4	2011-12	Q1	Q2	YTD	Status	Target	UQB
Complaints								
Stage 1 complaints answered	66	247	63	57	120			
% answered in target	86.4%	77.7%	84.1%	64.9%	75.0%		90%	
Stage 2 complaints answered	6	37	0	5	5			
% answered in target	100.0%	73%	-	60%	60%		90%	
Appeals answered	0	1	0	0	0			
% answered in target	n/a	100%	-	-	-		90%	
Correspondence								
W2 correspondence actioned	1399	4813	1671	1760	3431			
% answered in target	89.3%	89.6%	94.8%	96.8%	95.8%		90%	

BOARD KPI REPORT - 2012-13

Human Resources & Governance



	Q4	2011-12	Q1	Q2	YTD	Status	Target	Target for period	UQB
Human resources (quarterly)									
Total establishment	207	207	197	193	193				
Agency staff (%)	15.7%	16%	29%	25%	25%				
Sickness days absence per employee	3.0	9.3	2.5	2.4	6.0		6.6	3.3	8.2
Governance (quarterly)									
Percentage attendance at Board meetings	73.3%	79%	80%	73%	76%				
No. new TMO Members signed up			63	36	99		413	206	

08/11/2012 14:35

Page 5

Corporate Business Plan 2012/13 Quarter 2 Up-date									
Priority	Business Plan Objective	Task	Lead	Service Plan	Target date	Dependencies	Status	Comments	
1	Increase resident satisfaction and put customers at the centre of everything we do	Engage with residents and other providers	Continue the membership drive at estate roadshows and other events	DP&P	REM	Q1-4	RBKC, SMT	Item delayed but there is a robust plan for completion	There are 4215 Members as at the end of September. 99 new members have been signed-up this year which is under half the target set of 206 which will have to be made-up in the final two quarters.
2			Plan and launch Employment & Training Road Shows	DP&P	REM	Q1-4	RBKC, SMT	Item on target for completion	Employment, Training and Youth Road Shows to be launched in Q4.
3			Arrange a directory of local providers explaining their role within the community.	DDP&P	REM	Q1-4	RBKC, SMT	Completed item	Completed - Link to Social Council Directory of Voluntary & Community Organisations now on KCTMO website.
4			Make Key Performance Indicators more accessible to residents so that they are more able to challenge and scrutinise them	DDP&P	PeM	Q2	SMT	Completed item	Performance information is published with explanatory notes on the TMO website and in the Link magazine.
5			Monitor and report quarterly to residents on the delivery of the Local Offers	DDP&P	PeM	Q2	SMT	Item on target for completion	Resident Engagement Panel receive quarterly report on the progress of Local Offers. This report is posted on the internet.
6			Monitor standards and report to residents and new regulatory framework	DDP&P	PeM	Q2		Completed item	Annual Report published in September which includes Local Offers agreed between the TMO and residents and supplements the national performance statistics and highlights what issues matter at a local level.
7			Fully establish role in the worklessness agenda	DP&P	PIM	Q1-4	REM	Item on target for completion	In order that work opportunities and ways of developing people's skills are known, Nova, a charitable work advice and support organisation based in the north of the borough will be holding monthly drop-in surgeries at the Blantyre Centre from Q3. TMO working with RBKC to support the development of the Social Worklessness Pact.
8	Develop Neighbourhood Investment Plans (NIPs)		Develop plans covering Area Review Boards and link to asset investment, repairs and area based	DO	DO	Q1-4	SMT	Item on target for completion	
9			Analyse Keystone for area based stock information	DO	DO	Q1-4	SMT	Item on target for completion	Improved Asset Management is to be achieved through the broader use of Keystone and consultancy support in the development of a Asset Management Strategy and investment
10	Raise Housing Service Standards by Delivering Quality and Accessible Services	Influence Council, regional and national	To encourage the role of the resident voice	CE	CE	Q1-4	ET	Item on target for completion	Concerted attempt to sign-up more residents as Members. Board training courses encouraged 16 residents to stand for the elections. Board members asked to comment on all government consultations.
11			Ensure that KCTMO respond to relevant consultations	DP&P	PIM	As and when	BOARD	Item on target for completion	Board invited to respond to consultations: Localism Act; Housing & Tenancy Strategy; Right to Manage
12			Raise profile of KCTMO externally with positive press coverage and recognition for the work that we do	CoM	CoM	Q1-4	ET, SMT, MF	Item on target for completion	Entered NFA and Third Sector Awards but were unsuccessful.

Priority	Business Plan Objective	Task	Lead	Service Plan	Target date	Dependencies	Status	Comments
13	Improve Customer Access	Continue with the Customer Change Programme: To support the programme	ADCC&A	ADCC&A	Q1-4	ET, SMT & MF, PPA, HICT	Item delayed but there is a robust plan for completion	Timescale and scope of the CSC change programme will be changing due to a number of factors, one of which is the proposed establishment of a new repairs option and the impact that is will have on the CSC. In the interim the CSC team will continue to work towards enhancing their current operations and will also work towards completing the implementation of the new parking policy, procedures and draft W2 work processes that evolve from there.
14	Deliver the Asset Management Programme	Develop a five-year Capital Works plan including more accurate programming of major works; review the stock through Keystone in order to achieve above; <u>achieve accurate five year estimates</u>	DA&R	DA&R	Q1-2	ADHO, DFS	Item on target for completion	TMO are working with RBKC on looking at the long-term investment and the benefits and opportunities arising from HRA self-financing.
15		Develop and implement estate and block based asset investment plans as part of the wider Capital Programme	DA&R	DA&R	Q1-4	ADHO	Item on target for completion	
16		Ensure robust resident consultation and engagement mechanisms.	DA&R	DA&R	Q1-4	ADHO	Item on target for completion	
17		Ensure the accurate, timely and compliant service of statutory notices	DA&R	DA&R	Q1-4	ADHO	Item on target for completion	
18		Complete Stock Condition Survey	DA&R	DA&R	Q2		Completed item	A stock condition survey was completed in June which augmented and filled gaps from previous surveys.
19	Review the repairs contract	Long term: Investigate alternative ways of delivering the service	ADP	ADP	Q1	PeM	Item on target for completion	The September Board agreed an 'in principle option' for delivering a repairs service.
20		Develop handyman role in sheltered housing	ADP	ADP	Q3	HSH	Item on target for completion	Have met with WDP who are keen to deliver this service to our sheltered sites. An informal pilot is currently being monitored in the sheltered schemes to ascertain demand
21		Review and develop property standards including minimum standards and void standards	ADP	ADP	Q3		Item on target for completion	Lettable standard to be reviewed as part of continued improvements to service, need to work with RBKC, look at direct lets and the future of Choice Based Lettings
22		Improve access to services	ADP	ADP	Q3	CoM	Item on target for completion	Web based reporting repairs, and status information for residents with a repairs reference number
23	Ensure that there are accessible services across the Borough	Remodel former TMO2YOU services to over 50's drop in services	HSH	HSH	Q1-4		Item on target for completion	Provide drop-in service at all five sheltered scheme
24		Monitor and improve resident profiling	DP&P	PIM	Q1-4	SMT, MF	Item on target for completion	Ethnicity and age data 64.6% and 70.2% completed against a target of 70% for the year
25		Launch quarterly newsletter and set up surgeries	ADHO	CoM	Q1		Item on target for completion	Surgeries are up and running, ADHO working with Leasehold Board Members to develop further. Newsletter is still work in progress and should be completed by Q2
26		Develop and implement the service charge modules – Finance	ADHO	ADHO, PA (works and services)	Q2	DFS	Item delayed but there is a robust plan for completion	We have met with Capita and tested the module, some changes are required but progress is solid and once complete this will be the first module of this type within the sector

	Priority	Business Plan Objective	Task	Lead	Service Plan	Target date	Dependencies	Status	Comments
27	Grow our business and protect our assets	Develop a Strategy for Growth	Framework to be agreed by Board and implemented by Executive Team & Senior Management Team	CE	ET	Q1-4	ET, SMT	Item on target for completion	The most significant issue in this area is the requirement to develop a 30 year HRA business plan to regenerate the estates brought about by the changes to the Housing Revenue Account and the Council's invitation to set-up a joint project with the TMO to work through the options available.
28			Work with RBKC to develop Hidden Homes as a pilot to the development of new housing opportunities	DA&R		Q1-4	ADNM	Item on target for completion	The schemes at Holmefield House and Greaves Tower are scheduled to start on site in the New Year with completion in the autumn of 2013.
29			Review Modular Management Agreement with the Council so that it enables us to bid for new opportunities	DP&P	DP&P	Q2	ET, SMT	Item on target for completion	Currently under review with RBKC & the TMO.
30			Work with the Council to produce marketable Telecare solutions	DO	HSH	Q1-4	DFS	Item on target for completion	KCTMO delivers tele-care serices to 570 residents on behalf of the Council
31		Make the best use of our assets	Deliver on Hidden Homes	DO	DA&R & PA (WORKS AND SERVICES)	Q1-4	DFS	Item on target for completion	The schemes at Holmfield House and Greaves Tower are scheduled to start on site in the New Year with completion in the autumn of 2013.
32			Review parking strategy and recommend other options to increase income	DP&P	PrM	Q3		Item on target for completion	Currently developing a void marketing strategy and intorducing market charges for non-resident and visitor
33		Investing in the stock	Develop and implement estate and block based asset investment plans as part of the wider Capital Programme	DO	DA&R	Q3		Item on target for completion	
34			Develop a Decent Homes Programme and develop a 30- year Investment Strategy	DO	DA&R	Q1-4	ADHO	Item on target for completion	Working with RBKC on looking at long term investment and the benefits and opportunities arising from HRA self-financing.
35	Maintain financial viability through the management of the KCTMO account and Housing Revenue Account	New Financial Arrangments	Deliver Value for Money plan and challenge Performance Indicators for efficiency savings	DFS	All	Q1-4		Item on target for completion	Budgets for 13/14 have been prepared and are currently under review to find VFM.
36			Use W2 (EDRMS) to look at work processes and where we can make savings	DFS	All	Q1-4		Item on target for completion	Finance already has 2 workflows in operation and is looking to finalise another one in the new year.
37			Work with the Council on self-financing and business change options	DFS	All	Q1-4		Item on target for completion	This is ongoing.
38			Manage and work within our budgets	DFS	All	Q1-4		Item on target for completion	Monthly review of current spend and budgets is undertaken by SMT and AD of Finance.
39			Adopt a zero approach to budgeting	DFS	All	Q1-4		Item on target for completion	Draft budgets for 13/14 have used this approach to prepare the budgets.
40			Hold annual budget challenge meetings with budget holders	DFS	DFS	Q1-4	ET, SMT	Item on target for completion	This meeting has taken place, however a few action point need to be resolved and the final draft is to be presented to ET in mid November.
41	Improve Organisational Capability	HR & Training	Develop and engage Managers' Forum	DP&P	SMT	Q3		Item on target for completion	Managers' Forum has been supported to become an effective group.
42			Roll out Project Management training and Coaching	DP&P	PrM	Q1-4		Item on target for completion	Coaching was rolled out to the whole of SMT before the end of Q2 and good practice is being developed before further implementation.
43			Develop staff engagement through: Investors in People accreditation, Bi-annual staff review, staff forum	DP&P	ODM	Q1-4	ET, SMT, MF	Item on target for completion	An iIP diagnostic will be carried out in late November to identify preparedness for re-accreditation in March 2013. A staff survey sub-group is in place to identify actions from the last survey and develop solutions. A staff social committee has been established.

Priority	Business Plan Objective	Task	Lead	Service Plan	Target date	Dependencies	Status	Comments
44		Ensure that our Learning and Development Plan reflects our needs and aspirations and the return on our investment	DP&P	ODM	Q1-4	SMT	Item on target for completion	A corporate learning and development programme, Developing Together, was implemented in September. The programme includes a full evaluation process from suppliers, events and learning outcomes.
45		Review HR policies, flowcharts, forms and guidance to ensure they are up-to-date, legally compliant and in an easy to use format.	DP&P	ADHR	Q2-3	ET, SMT	Item on target for completion	
46		Introduce HR Select Recruitment system	DP&P	ADHR	Q2-3	ET, SMT	Item on target for completion	
47		Review the Behavioural Framework	DP&P	ADHR	Q3-4	ET, SMT	Item on target for completion	
48	Governance	Improve our approach to Data Protection and Confidentiality	Co Sec		Q1-4	SMT, MF	Item on target for completion	Policies are currently being reviewed.
49		Embed Risk Management including management of contracts	DP&P	PiM	Q1-4	ET, SMT	Item on target for completion	All service plans have been risk managed and the Corporate Risk Map is reported to Finance and Audit Committee quarterly
50		Embed Business Continuity	DP&P	PiM	Q1-4	ET, SMT	Item on target for completion	Business Continuity principles used to develop a robust Olympic Action Plan. Business Continuity Working Group meeting quarterly.
51		Review Lancaster West Estate Management Board Service Level Agreement/Modular Mangement Agreement	DO	ADNM	Q2	ET	Item on target for completion	The work on a new MMA for Lancaster West continues between the Board and the Council with the TMO advising as appropriate as the service provider. The current draft MMA is being revised and will include a review of governance from PRKC.
52	Electronic Document Records & Management System	Continue development of W2 (EDRMS)	PA	PA	Q1-4	ET, SMT, MF	Item on target for completion	Electronic post is being extended through the organisation. Workflow processes are being investigated for individual teams. Investigations are being made into additional software.
53		Develop web online services	CoM ADCC&A HICT	CoM, HICT	Q3		Item on target for completion	SeeMydata website being implemented. Residents will be able to access their information online.
54		Help to improve IT literacy for our customers (Race Online - Go ON UK)	CoM & All	CoM	Q1-4	ET, SMT, MF	Item on target for completion	Promoted Go ON UK opportunity in Spring and Summer issue of the Link and held sessions at the Residents Conference. 46 Residents enquired about the opportunity and been offered places. 28 of them have undergone.
55		Review Communications Strategy	CoM	CoM	Q2		Item on target for completion	Report completed

Priority	Business Plan Objective	Task	Lead	Service Plan	Target date	Dependencies	Status	Comments
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Completed items from Q1	Action
Board to lead in a response to the Council's Housing Strategy which reflects the KCTMO Board view and considers the aspirations of current and future tenants	A Working Group was set up to discuss both the strategies and all members of the Board have received the documents and invited to send in their comments
Implement interim repairs contract	Wilmott Dixon Partnership commenced 25.07.12.
Embed Blantyre Office as a key customer contact point	Since the office opened in February, its profile has been raised as a centre for the south, for example Nova use it as a drop-in centre
Increase profile and access for Homeownership Services	Revamped Home Ownership section on the TMO website and successful opening of the Blantyre office.
Increase Direct debit options	There has been a huge drive on direct debits which has continued from 11/12 into Q1 of 12/13.
Increase payment options – implement Paris Browser	Fully implemented.
Produce an annual Health & Safety	Done
Arrange staff conference	Held on 27.06.12

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

Agenda Item 8

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED

Open	
For information	
TMO Board – 15 th November 2012	
Report title:	Budget monitoring April – September 2012
Authority for decision:	The Board has overall responsibility of monitoring the outturns against the annual budget.
Recommendations:	The Board is requested to note the report.
Regulatory/legal requirements:	The Board have legal responsibility of ensuring the organisations resources are used in accordance with the budget and business plan.
Business Plan link:	Being competitive and increasing our income.
Equality Impact Assessment/comment:	None required.
Resident consultation:	None required.
Resource implications/VFM statement:	This is the subject of the report.
Risk:	
Appendices:	1
Total number of pages including appendices:	17
Name, position and contact details of author:	Rupa Bhola Assistant Director of Financial Services

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
TENANT MANAGEMENT ORGANISATION LIMITED

TMO BOARD MEETING – 15TH November 2012

REPORT BY THE ASSISTANT DIRECTOR OF FINANCIAL SERVICES

BUDGET MONITORING 2012/13
(PERIOD 6 – September 2012)

1. Purpose of the Report

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

FOR INFORMATION

2. Introduction

The TMO Company budgets reported in this paper are based on the 2012/13 company budgets. This report includes the financial position of the Lancaster West Estate.

The current forecast projects a surplus of £28k against an overall budget of £28k surplus.

3. TMO Company Budgets

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

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

- 3.2 CEO – £ (73k) adverse variance to budget.

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

It is expected that with the savings identified in other directorates the final out-turn will be brought in line with budget by end of the financial year. The identified savings are detailed below to support the overall budget for 2012/13.

3.3 Customer Services – £(63k) adverse variance to budget.

The staffing restructure initiated in 2011-12 is currently ongoing. The second stage of the restructure is expected to be complete by end of December 2012. It is anticipated that new structure will be fully recruited and in place by spring of 2013.

Staffing costs account for £(38K) of the above adverse variance and this is due to changes to staffing across the directorate and the interim staff covering some of the key positions. Legal costs account for another £(10K) adverse variance, a significant amount of controls are in place to ensure that the legal costs are kept within budget where possible. Publication and Communication is over budget by £(12K).

3.4 People and Performance – £(8k) adverse variance to budget.

These costs are attributed to the recent changes in the division. It is expected that these costs will be brought back in line by the end of the financial year.

3.5 Financial Services (Includes Home Ownership) – £145k positive variance to budget.

People costs are forecast to be £22k below budget; this is due to a part time post being held vacant. It is expected that this post will be held vacant for the remaining of the financial year to support the current year budget.

Depreciation costs are forecast to be £56k lower. This is mainly attributed to projects such as EDMS workflows and other enhancements expected to be completed by September 2012, thus the depreciation charge in the current financial year is reduced by half for such projects.

Legal costs SLA and Non SLA are forecast to be £80K below budget. This is mainly due to reduction in the number of cases requiring external legal advice. However the Legal costs recovered have also been reforecast down by (£60k) to reflect the decrease in costs.

4 **Balance Sheet on 30th September 2012.**

4.1 Trade debtors – Decrease of £181k. This reflects the collection against the CAS annual billing which takes place in April of each year. This debt is collected monthly over the full financial year.

4.2 Trade creditors – An increase of £24k. This is a reflection of the timing of the final payment run in August which took place on the first day of the following month.

- 4.3 Defined benefit pension scheme liability – The value is based on the FRS17 report dated 31st March 2012. A full valuation of the pension scheme was undertaken as at 31st March 2010 and completed in January 2011.

5. HRA Managed Budgets (Revenue)

Introduction

The forecast for the year is projecting a £33.30 million income against the budget of £32.13 million income; this is a favourable variance of £1.17million.

The variances are explained below in more detail:-

5.1 Total Income

- 5.1.1 There is a total favourable variance of £18k in the income budgets.
- 5.1.2 There is an increase of £15k in Garage Rental income based on the charges generated in the first quarter of the year. This is due in part to changes in the way spaces are marketed increasing the number of garages take up and also upcoming changes in legislation with regards to parking on private estates.
- 5.1.3 Income from Other Charges for Services and Facilities is forecast to be £(23k) lower. This is due to the changes in the law around the clamping of vehicles on private property. This negative variance is offset by an equal projected underspend for wheel clamping services.
- 5.1.4 Additional grant of £26k for Supporting People has also been received to fund a six month floating support service. This is net off by additional expenditure of the same amount being the fee paid to the TMO to provide the service.

5.2 Total Expenditure

- 5.2.1 The forecast is £19.49 million against the budget of £20.64 million which is a favourable variance of £1.16 million.
- 5.2.2 The variances are explained in more detail below:-
- 5.2.3 Planned Maintenance is forecasting a positive variance of £1 million. The Section 20 consultation with leaseholders has delayed the signing of a new five year contract with a possible two year extension for external decorations. A reduced contract has been agreed with RBKC for this year and the long-term contract due to commence in April 2013.
- 5.2.4 Planned Responsive Repairs is forecasting a positive variance of £75k

This is due to reduced spend on Adaptations work. A number of Adaptations works have been identified for void properties and these works will be incorporated into the Capital Programme works thus reducing the revenue expenditure.

- 5.2.5 The Provision for Bad and Doubtful Debts has been reduced by £100k. The reduction reflects the higher than expected collection rates for leasehold service charges which at the end of September are £1.12 million lower than at year end.
- 5.2.6 Supporting People Expenditure (£26k) incurred. As noted in income, additional expenditure of £ (26k) will be incurred in the Supporting People Contract Expenditure in respect of providing an interim Floating Support Service.
- 5.2.7 Responsive Maintenance repairs contractor Morrison Facilities Services finished their working agreement in June 2012. The TMO is currently the disputing the final settlement figure.
- 5.2.8 The new interim contractor Willmott Dixon commenced works from the 25th June 2012. The impact of any additional costs attributed to the interim arrangements has not yet been reflected in the figures. The Executive Team are currently working on a plan to minimise the impact and develop a strategy whereby the costs could be kept within current years agreed budgets.

6. HRA Managed Budgets (Capital Programme)

- 6.1 The approved budget for 2012/13 was £9.26 million. The current year forecast is projected to be £9.26 million in line with the full year budget.
- 6.2 The majority of the projects have been procured and it is expected the full programme will be delivered as per the agreed budgets.
- 6.3 Spend to date has already reached £3.37 million versus a spend of £1.68 million at the end of the same period in September 2011. This reflects the significant improvement in the management of the programme.

7. HRA Debt

- 7.1 Tenant Debt – There is an increase in the tenant debt balance by £446k during this financial year. The increase was expected in light of the increase in the rent charges from the 2nd April 2012. The Rent income team continue to offer support where necessary to the tenants whilst at the same time pursuing legal action where required.
- 7.2 Leaseholder Service Charges and Major Works – The debt has decreased by £1.12 (Service Charges £723k, Major Works £423k) .It is expected that

both the service charge and major work debt will continue to fall in the foreseeable future as more payment plans are agreed and set up.

8. Conclusion

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

Rupa Bhola
Assistant Director of Financial Services

TENANT MANAGEMENT ORGANISATION DIVISIONAL REPORTING

TMO BOARD REPORT

MANAGEMENT REPORTING FOR PERIOD ENDED 30th September 2012

All figures in £'000

DESCRIPTION	ANNUAL FORECAST				POSITION TO DATE		
	Budget (2011-12)	Forecast (Current Month)	Variance	% Variance	Budget YTD	Spend/ Income YTD	Variance from Budget to Date
	A	C	D (C-A)	E(D/A)	I	J	K(J-I)
Managment Fees	10,186	10,173	(13)	0%	5,093	5,086	(7)
Capital Programme Fee	502	502	0	0%	251	227	(24)
CAS Income	473	496	23	5%	237	254	17
Legal Costs Recovered	341	257	(84)	-25%	171	173	2
Other Income	648	703	55	9%	324	265	(59)
Digital TV Income	480	480	0	0%	240	310	70
TOTAL INCOME	12,630	12,611	(19)	0%	6,315	6,315	1
Staff Salaries	(8,172)	(6,851)	1,320	-16%	(4,086)	(3,406)	680
Agency costs	0	(1,407)	(1,407)	100%	0	(571)	(571)
Staff Related Costs	(252)	(255)	(3)	1%	(126)	(117)	9
TOTAL PEOPLE COSTS	(8,423)	(8,513)	(90)	1%	(4,212)	(4,093)	118
Accommodation	(658)	(655)	3	0%	(329)	(333)	(4)
CAS Service Costs	(94)	(85)	9	-9%	(47)	(26)	21
Communication & Publication	(121)	(133)	(12)	9%	(61)	(61)	(0)
Consultants	(248)	(256)	(8)	3%	(124)	(172)	(47)
Depreciation	(422)	(364)	58	-14%	(211)	(167)	44
Digital TV	(480)	(480)	0	0%	(240)	(240)	0
Facilities Costs	(142)	(144)	(2)	1%	(71)	(67)	4
ICT Service Costs	(498)	(503)	(5)	1%	(249)	(227)	22
Legal Costs (Non SLA)	(451)	(351)	100	-22%	(225)	(200)	25
Legal Costs (SLA)	(350)	(380)	(30)	9%	(175)	(182)	(7)
Service Delivery	(395)	(412)	(18)	4%	(197)	(174)	23
SLA Costs (excluding Legal)	(321)	(307)	14	-4%	(160)	(163)	(2)
TOTAL OTHER COSTS	(4,179)	(4,070)	109	-3%	(2,089)	(2,012)	78
Surplus/(Deficit) before Tax ex Lanc West	28	28	0	0%	14	210	196
Lanc West	0	(0)	(0)	0%	0	(2)	(2)
Trasfer From Reserves	0	0	0	0%	0	0	0
Surplus/(Deficit) before Tax inc Lanc West	28	28	0	0%	14	209	195

EXCEPTION REPORTING - FORECAST AT +/- 10%



Cause for concern



Room for Improvement



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TENANT MANAGEMENT ORGANISATION DIVISIONAL REPORTING

LANCASTER WEST DIVISION

MANAGEMENT REPORTING FOR PERIOD ENDED 30th September 2012

All figures in £'000

	ANNUAL FORECAST				POSITION TO DATE		
DESCRIPTION	Budget (2011-12)	Forecast (Current Month)	Variance	% Variance	Budget YTD	Spend/ Income YTD	Variance from Budget to Date
	A	C	D (C-A)	E(D/A)	I	J	K(J-I)
Management Fees	342	342	0	0%	171	171	0
Other Income	0	1	1	0%	0	1	1
TOTAL INCOME	342	343	1	0%	171	172	1
Staff Salaries	(265)	(232)	33	-13%	(133)	(119)	14
Agency costs	0	(36)	(36)	100%	0	(17)	(17)
Staff Related Costs	(4)	(4)	0	0%	(2)	(0)	2
TOTAL PEOPLE COSTS	(269)	(272)	(3)	1%	(135)	(135)	(1)
Communication & Publication	(1)	(1)	(0)	0%	(0)	0	0
Consultants	(1)	(1)	(0)	0%	(0)	0	0
Facilities Costs	(23)	(23)	0	0%	(12)	(20)	(8)
ICT Service Costs	(11)	(9)	2	-18%	(5)	(3)	3
Legal Costs (Non SLA)	(1)	(1)	(0)	0%	(0)	0	0
Service Delivery	(36)	(37)	(1)	1%	(18)	(16)	2
TOTAL OTHER COSTS	(73)	(72)	1	-2%	(36)	(38)	(2)
Surplus/(Deficit) before Tax	0	(0)	(0)	0%	0	(2)	(2)

EXCEPTION REPORTING - FORECAST AT +/- 10%

● Cause for concern
 ● Room for Improvement
 ● Good

TENANT MANAGEMENT ORGANISATION DIVISIONAL REPORTING

CEO DIVISION

MANAGEMENT REPORTING FOR PERIOD ENDED 30th September 2012

All figures in £'000

	ANNUAL FORECAST				POSITION TO DATE		
DESCRIPTION	Budget (2011-12)	Forecast (Current Month)	Variance	% Variance	Budget YTD	Spend/ Income YTD	Variance from Budget to Date
	A	C	D (C-A)	E(D/A)	I	J	K(J-I)
Management Fees	9,759	9,759	(0)	0%	4,879	4,879	(0)
Other Income	0	0	0		0	0	0
TOTAL INCOME	9,759	9,759	(0)	0%	4,879	4,879	(0)
Staff Salaries	(699)	(730)	(31)	4%	(349)	(337)	12
Agency costs	0	(30)	(30)	100%	0	(30)	(30)
Staff Related Costs	(17)	(20)	(3)	18%	(9)	(13)	(4)
TOTAL PEOPLE COSTS	(716)	(781)	(65)	9%	(358)	(380)	(22)
Consultants	(140)	(140)	0	0%	(70)	(39)	31
Facilities Costs	(41)	(41)	0	0%	(21)	(17)	3
Legal Costs (Non SLA)	(15)	(15)	0	0%	(8)	(4)	4
Service Delivery	(60)	(68)	(8)	14%	(30)	(39)	(9)
TOTAL OTHER COSTS	(256)	(264)	(8)	3%	(128)	(99)	29
Surplus/(Deficit) before Tax	8,787	8,714	(73)	-1%	4,393	4,401	7

EXCEPTION REPORTING - FORECAST AT +/- 10%

 Cause for concern
  Room for Improvement
  Good

TENANT MANAGEMENT ORGANISATION DIVISIONAL REPORTING
CUSTOMER SERVICES DIVISION

MANAGEMENT REPORTING FOR PERIOD ENDED 30th September 2012

All figures in £'000

DESCRIPTION	ANNUAL FORECAST				POSITION TO DATE		
	Budget (2011-12)	Forecast (Current Month)	Variance	% Variance	Budget YTD	Spend/ Income YTD	Variance from Budget to Date
	A	C	D (C-A)	E(D/A)	I	J	K(J-I)
Capital Programme Fee	502	502	0	0%	251	227	(24)
CAS Income	473	496	23	5%	237	254	17
Legal Costs Recovered	51	27	(24)	-47%	26	28	2
Management Fees	85	72	(13)	-15%	42	36	(7)
Other Income	382	405	23	6%	191	181	(9)
TOTAL INCOME	1,493	1,501	9	1%	746	726	(20)
Staff Salaries	(4,900)	(3,746)	1,153	-24%	(2,450)	(1,876)	574
Agency costs	0	(1,191)	(1,191)	100%	0	(492)	(492)
Staff Related Costs	(6)	(7)	(0)	4%	(3)	(1)	2
TOTAL PEOPLE COSTS	(4,906)	(4,944)	(38)	1%	(2,453)	(2,369)	84
Accommodation	(45)	(45)	0	0%	(23)	(23)	0
CAS Service Costs	(94)	(85)	9	-9%	(47)	(26)	21
Communication & Publication	(29)	(40)	(12)	40%	(14)	(23)	(8)
Consultants	(107)	(115)	(8)	7%	(54)	(133)	(79)
Depreciation	(65)	(66)	(1)	2%	(33)	(32)	0
Facilities Costs	(5)	(7)	(2)	39%	(3)	(2)	1
ICT Service Costs	(2)	(2)	0	-2%	(1)	(0)	1
Legal Costs (Non SLA)	(225)	(175)	50	-22%	(113)	(100)	13
Legal Costs (SLA)	(250)	(310)	(60)	24%	(125)	(163)	(38)
Service Delivery	(185)	(187)	(2)	1%	(93)	(65)	27
SLA Costs (excluding Legal)	(207)	(216)	(9)	4%	(104)	(118)	(14)
TOTAL OTHER COSTS	(1,215)	(1,249)	(34)	3%	(607)	(684)	(76)
Surplus/(Deficit) before Tax	(4,628)	(4,691)	(63)	1%	(2,314)	(2,326)	(12)

EXCEPTION REPORTING - FORECAST AT +/- 10%

● Cause for concern
 ● Room for Improvement
 ● Good

TENANT MANAGEMENT ORGANISATION DIVISIONAL REPORTING

PEOPLE AND PERFORMANCE DIVISION

MANAGEMENT REPORTING FOR PERIOD ENDED 30th September 2012

All figures in £'000

	ANNUAL FORECAST				POSITION TO DATE		
DESCRIPTION	Budget (2011-12)	Forecast (Current Month)	Variance	% Variance	Budget YTD	Spend/ Income YTD	Variance from Budget to Date
	A	C	D (C-A)	E(D/A)	I	J	K(J-I)
Other Income	2	5	2	0%	1	4	3
TOTAL INCOME	2	5	2	0%	1	4	3
Staff Salaries	(1,036)	(920)	116	-11%	(518)	(491)	27
Agency costs	0	(123)	(123)	100%	0	(28)	(28)
Staff Related Costs	(212)	(212)	(0)	0%	(106)	(99)	7
TOTAL PEOPLE COSTS	(1,248)	(1,255)	(7)	1%	(624)	(618)	6
Communication & Publication	(72)	(72)	(0)	0%	(36)	(34)	2
Depreciation	(27)	(24)	3	-11%	(14)	(12)	2
Facilities Costs	(1)	(1)	(0)	0%	(0)	(1)	(0)
Legal Costs (Non SLA)	(20)	(20)	0	0%	(10)	(6)	4
Service Delivery	(75)	(80)	(5)	7%	(37)	(38)	(1)
SLA Costs (excluding Legal)	0	(1)	(1)	0%	0	(1)	(1)
TOTAL OTHER COSTS	(194)	(198)	(4)	2%	(61)	(57)	4
Surplus/(Deficit) before Tax	(1,439)	(1,448)	(8)	1%	(684)	(671)	13

EXCEPTION REPORTING - FORECAST AT +/- 10%

 Cause for concern
  Room for Improvement
  Good

TENANT MANAGEMENT ORGANISATION DIVISIONAL REPORTING

FINANCE DIVISION

MANAGEMENT REPORTING FOR PERIOD ENDED 30th September 2012

All figures in £'000

DESCRIPTION	ANNUAL FORECAST				POSITION TO DATE		
	Budget (2011-12)	Forecast (Current Month)	Variance	% Variance	Budget YTD	Spend/ Income YTD	Variance from Budget to Date
	A	C	D (C-A)	E(D/A)	I	J	K(J-I)
Legal Costs Recovered	290	230	(60)	-21%	145	145	0
Other Income	264	293	29	11%	132	79	(53)
Digital TV Income	480	480	0	0%	240	310	70
TOTAL INCOME	1,034	1,003	(31)	-3%	517	534	17
Staff Salaries	(1,272)	(1,223)	49	-4%	(636)	(582)	53
Agency costs	0	(27)	(27)	100%	0	(4)	(4)
Staff Related Costs	(12)	(13)	(0)	0%	(6)	(4)	2
TOTAL PEOPLE COSTS	(1,284)	(1,262)	22	-2%	(642)	(591)	51
Accommodation	(613)	(610)	3	0%	(306)	(311)	(4)
Communication & Publication	(20)	(20)	0	0%	(10)	(4)	6
Depreciation	(330)	(274)	56	-17%	(165)	(123)	42
Digital TV	(480)	(480)	0	0%	(240)	(240)	0
Facilities costs	(72)	(72)	0	0%	(36)	(27)	9
ICT Service Costs	(485)	(492)	(7)	1%	(242)	(224)	18
Legal Costs (Non SLA)	(190)	(140)	50	-26%	(95)	(91)	4
Legal Costs (SLA)	(100)	(70)	30	-30%	(50)	(19)	31
Service Delivery	(39)	(40)	(1)	3%	(19)	(17)	3
SLA Costs (excluding Legal)	(113)	(90)	23	-21%	(57)	(44)	12
TOTAL OTHER COSTS	(2,441)	(2,287)	154	-6%	(1,220)	(1,100)	120
Surplus/(Deficit) before Tax	(2,691)	(2,546)	145	-5%	(1,346)	(1,157)	188

EXCEPTION REPORTING - FORECAST AT +/- 10%



Cause for concern



Room for Improvement



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TENANT MANAGEMENT ORGANISATION DIVISIONAL REPORTING

BALANCE SHEET

MANAGEMENT REPORTING FOR PERIOD ENDED 30th September 2012

All figures in £'000

BALANCE SHEET		POSITION AS AT	
		30th September 2012	31st Mar 2012
	FIXED ASSETS		
	Tangible assets	1,550	1,631
	CURRENT ASSETS: amounts falling due within one year		
	Trade debtors 1	74	255
	Less: provision for bad debts	(47)	(47)
		27	208
	Other debtors	145	192
	Prepayments and accrued income	1,010	549
	Debtors	1,182	949
	Cash at bank and in hand	1,116	1,019
		2,298	1,968
	CREDITORS: amounts falling due within one year		
	Trade creditors 2	293	269
	Corporation tax	0	42
	Other taxes and social security	372	268
	Other creditors	14	13
	Accruals and deferred income	708	798
		1,388	1,390
	NET CURRENT ASSETS	910	578
	TOTAL ASSETS LESS CURRENT LIABILITIES	2,460	2,209
	NET ASSETS BEFORE DEFINED BENEFIT PENSION SCHEME LIABILITY	2,460	2,209
	Defined benefit pension scheme liability 3	(11,928)	(11,928)
	TOTAL NET LIABILITIES, INCLUDING DEFINED BENEFIT PENSION SCHEME DEFICIT	(9,468)	(9,720)
	CAPITAL AND RESERVES		
	Profit and loss account excluding pension scheme deficit	2,460	2,209
	Defined benefit pension scheme liability	(11,928)	(11,928)
	Members' funds	(9,468)	(9,720)

TENANT MANAGEMENT ORGANISATION REPORTING
HRA BOARD REPORT
MANAGEMENT REPORTING FOR PERIOD ENDED 30th September 2012
All figures in £'000

	ANNUAL FORECAST				POSITION TO DATE		
HRA MANAGED BUDGETS	Budget (Original)	Forecast (Current Month)	Variance Forecast from Original Budget	% Variance Forecast from Original Budget	Budget YTD	Spend/Income YTD	Variance from Budget to Date
	A	C	D (C-A)	F (C/A)	H	I	J(I-H)
Dwelling Rents	38,183	38,183	0	0%	19,092	19,218	127
Tenant Service Charges	4,293	4,293	0	0%	2,146	2,106	(40)
Leaseholder Service Charges	4,188	4,188	0	0%	2,094	1,742	(352)
Heating & Hot Water Charges	2,472	2,472	0	0%	1,236	736	(500)
Commercial Properties Rent Income	2,822	2,822	0	0%	1,411	1,843	432
Garage Rent Income	710	725	15	2%	355	350	(5)
Other Charges for Services & Facilities	102	79	(23)	-22%	51	29	(21)
Supporting People Contract Income	0	26	26	100%	0	13	13
Total Income	52,769	52,788	18	0%	26,385	26,038	(347)
Rents, Rates, Taxes and Other Charges	(162)	(162)	0	0%	(81)	(91)	(10)
Planned Maintenance	(7,147)	(6,147)	1,000	-14%	(3,574)	(1,477)	2,097
Responsive Maintenance	(5,141)	(5,144)	(4)	0%	(2,570)	(1,946)	624
Planned Response Repairs	(278)	(203)	75	-27%	(139)	(46)	93
Electricity, Heating & Hot Water	(3,277)	(3,277)	0	0%	(1,639)	529	2,168
Provision for Bad and Doubtful Debts	(398)	(298)	100	-25%	(199)	0	199
Legal Costs	(204)	(204)	0	0%	(102)	0	102
Contract Cleaning	(2,158)	(2,158)	0	0%	(1,079)	(999)	80
Pest Control	(225)	(225)	0	0%	(113)	(64)	49
Refuse Collection	(141)	(141)	0	0%	(70)	(77)	(6)
General Management	(612)	(602)	10	-2%	(306)	(250)	56
Supporting People expenditure	(220)	(246)	(26)	12%	(110)	(154)	(44)
Digital TV Costs	(480)	(480)	0	0%	(240)	(70)	170
Area Revenue Works	(200)	(200)	0	0%	(100)	(42)	58
Total Expenditure	(20,642)	(19,487)	1,156	-6%	(10,321)	(4,686)	5,635
Transfer To/From Reserves (HRA)	0	0	0	0	0	0	0
Net Income/(Expenditure)	32,127	33,301	1,174	4%	16,064	21,352	5,288

EXCEPTION REPORTING



Cause for concern



Room for improvement



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TENANT MANAGEMENT ORGANISATION REPORTING
HRA - CAPITAL PROGRAMME MONITORING
MANAGEMENT REPORTING FOR PERIOD ENDED 30th September 2012

PROJECT NAME	Revised Budget 2012-13	Forecast (Current Month)
Review Of Disability Discrimination Act	230,000	225,477
Communal Plant Replacement Programme -Nursery Lane & Burgess Field	460,000	456,915
Renewal Of Individual Gas Boilers - Phase 2	1,020,000	1,013,796
Communal Plant Replacement Program - Jean Darling & Chelsea Farm - Non S20	180,000	180,000
Adaptation works	253,000	253,000
Fire Risk Assessments (Boroughwide)	122,000	121,870
Flooring To Communal Areas (Boroughwide)	8,475	7,148
FRA Works-Alarms/EmergLighting	235,000	233,086
66 Oxford Gardens - Roof Repairs, Render and Timber	82,000	80,146
Raymede Tower & Treverton Tower Lifts Replacement	120,000	111,982
54 St Ervans Road - Loft Conversion	61,500	61,139
Trellick Tower Phase 5: Lift Refurbishment	240,000	238,649
Replacement Water Storage Tanks	655,000	655,072
Rising Mains (Electrical) - Apollo, Manning and Elm Park	178,000	178,000
Minor Capital Works (31 Tadema Road)	50,000	45,816
Various Boroughwide Decent Homes Works - Kitchens & Bathrooms	2,530,000	2,523,774
Capitalised External Decs 2011-12	47,500	47,500
TOTAL	6,472,475	6,433,370
COMMITTED BUT NOT CONTRACTED	894,000	893,016
ADDITIONAL CAPITAL PROJECTS	520,000	520,000
MISCELLANEOUS	500,000	815,238
COMPLETED PROJECTS	366,598	320,669
PROCUREMENT FOR 2013/14	508,000	508,000
GRAND TOTAL	9,261,073	9,490,293

TENANT MANAGEMENT ORGANISATION REPORTING

MANAGEMENT REPORTING FOR PERIOD ENDED 30th September 2012

HRA DEBT POSITION

All figures in £'000

			Last 3 Years									
	Description		End March 2010 £	End March 2011 £	End March 2012 £		End April 2012 £	End May 2012 £	End June 2012 £	End July 2012 £	End August 2012 £	End September 2012 £
	Tenant		1,463,370	1,053,849	1,222,862		1,364,153	1,407,632	1,602,972	1,548,362	1,670,198	1,668,641
	Leasehold - Service Charges		1,538,404	1,350,147	1,193,813		830,549	589,946	1,240,687	829,980	585,713	470,764
	Leasehold - Major Works		4,582,968	3,126,213	2,236,309		2,107,527	1,991,449	2,107,567	1,993,192	1,887,600	1,812,894
	Total Debt		7,584,742	5,530,209	4,652,984		4,302,229	3,989,027	4,951,226	4,371,534	4,143,511	3,952,300

Current Payment Plans September 2012

Leasehold - Service Charges	£103,026
Leasehold - Major Works	£504,107
Total	<u>£607,133</u>

TENANT MANAGEMENT ORGANISATION REPORTING
HRA - AREA REVENUE WORKS
MANAGEMENT REPORTING FOR PERIOD ENDED 30th September 2012
All figures in £'000

	Reserves / Allocation Brought Forward	2012/13 Annual Budget (Original)	2012/13 Total Funds Available	Actual Spend Year to Date	Carry Forward to 2013/14
DESCRIPTION	A	B	C (A+B)	D	
LANCASTER WEST	(22)	(24)	(45)	0	(45)
KENSAL	(0)	(24)	(24)	20	(4)
NORTH KENSINGTON	1	(24)	(23)	7	(16)
NOTTINGHILL	(10)	(24)	(34)	0	(34)
PORTOBELLO	(12)	(24)	(36)	15	(21)
BROMPTON	(22)	(28)	(50)	0	(50)
CHELSEA	(2)	(28)	(30)	0	(30)
WORLDS END	0	(15)	(14)	0	(14)
SHELTERED	(4)	(10)	(14)	2	(12)
UNALLOCATED	(17)	0	(17)	0	(17)
AREA REVENUE WORKS BUDGET	(88)	(200)	(288)	44	(244)
TMO REGENERATION ALLOCATION	(58)	0	(58)	0	(58)
GRAND-TOTAL	(146)	(200)	(346)	44	(302)

Agenda Item 9

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION

TMO BOARD
15 NOVEMBER 2012

FEEDBACK FROM THE COMMITTEES

REPORT BY COMPANY SECRETARY AND GOVERNANCE MANAGER

1 Purpose

1.1 The Board is asked to:

- Note the matters discussed and agreed by the Operations Committee and Finance, Audit and Risk Committee at their respective meetings in October.
- Agree the Finance, Audit and Risk Committee revised terms of reference as recommended by the Committee (Appendix 1).

DECISION

2 Finance, Audit and Risk Committee – 18 October 2011

- 2.1 The Committee agreed the minutes of the meeting held on the 11 July 2012 with one correction, noted the budget monitoring report for period 5 (August 2012), reviewed the Corporate Risk Register and the Committee's terms of reference. Members also noted the report on the waiver under the Contract Regulations that was approved by the Director of Operations.
- 2.2 Members reviewed the Corporate Risk Register and have been informed that the Executive Team and the Senior Management Team have reviewed it with adjustments to six risks recommended as follows:

Risk 1 – The organisation is unable to respond to the asset funding gap

The Director of Financial Services has recommended that the probability of the residual risk be reduced from 5 to 4. The reason for this is that now the Housing Revenue Account (HRA) is self-financing, KCTMO may be able to investigate more options going forward.

Risk 2 – The organisation has no track record of business diversification and may not be able to grow sufficiently over the next three years

This risk has been up-dated to reflect that the Board in September agreed in principle an option for delivering the repairs service. Additionally, it was noted that the TMO is being consulted on the borough's housing strategy.

Risk 3 – Unable to set-up an alternative repair option

The description of this risk has changed as above. The original risk was, 'Morrison has given the TMO notice that their contract with us will terminate in six months'. This risk has been changed to 'Unable to set-up an alternative repair option', to reflect the work required following the Board in principle decision regarding the delivery of the repairs service.

Risk 4 – The governance structure is not up-to-date

The existing control measures for this risk have been revised to reflect the Board training and development activities.

Risk 5 – Business continuity processes could fail to meet the needs of the organisation

The residual risk has been up-dated to reflect the completion of the business continuity plan for the London Olympics.

Risk 8 – TMO will manage the process regarding future housing options but is not in control of the process

This is a new risk that was identified to reflect the TMO's role in the consultation with RBKC on future housing options. Members agreed that this is a sensible risk to identify and that it should be highlighted to the whole Board at the November away day, so that it could be discussed what more can be done to ensure that the TMO is best placed following the outcome of the stock option.

The Committee agreed the adjustments to the Corporate Risk Register.

- 2.3 The Committee reviewed its term of reference and agreed to recommend them to the Board for approval. The revised terms of reference are attached in Appendix 1 with changes shown in red.
- 2.4 Members noted the waiver report approved by the Director of Operations regarding the commissioning of Savills consultants to undertake specialist work to analyse the performance of the assets managed by the TMO. It was also noted that RBKC are providing the funds for this commissioning and they have asked the TMO to use an outside organisation to this work.

Furthermore, the Committee asked that the reasons for approving the waiver should be circulated to the Committee and the Board.

3 Operations Committee – 10 October 2012

- 3.1 The **C**ommittee agreed the minutes of the meetings held on the 21 June 2012 and received the assets and regeneration department update report, update on projects, the performance update, the home ownership report for quarters 1 and 2 and the update from the neighbourhood management department.
- 3.2 The **C**ommittee discussed the membership of the **TMO** and requested that the Board is presented with a paper on the possibilities of having an opt out membership scheme instead of the current opt in one.

Angela Bosnjak-Szekeres
Company Secretary and Governance Manager

TERMS OF REFERENCE FINANCE, AUDIT & RISK COMMITTEE

1.0 Constitution

- 1.1 The Finance, Audit & Risk Committee ("the Committee") is a Committee of the Board. The Committee shall have delegated authority in respect of those matters set out below, and any other matters specifically delegated to it by the Board on an ad-hoc basis. The members of the Committee shall at all times operate within the Constitution and the Standing Orders which these Terms of Reference form part.
- 1.2 These Terms of Reference take account of the Housing Corporation circular 07/07 which has now been withdrawn, the Financial Reporting Council Guidance on Audit Committees (2008), the Excellence in Governance Code for Members and Good practice Guide (2010), The Good Governance Standard for Public Services published by the Independent Commission on Good Governance Standards for Public Services (2004) and the UK Corporate Governance Code (2010).

2.0 Purpose

- 2.1 The Committee shall approve the method of appointment and monitor the Terms of Reference, conduct and performance of the External Auditors following the appointment at the Annual General Meeting.
- 2.2 The Committee shall approve the appointment, Terms of Reference, conduct and performance of the Internal Auditors.
- 2.3 The Committee shall monitor the internal control of the organisation's activities and the review of internal control by Internal Audit and by other means.
- 2.4 The Committee shall monitor the scope and effectiveness of the systems established by management to identify and assess all material risks both financial and non financial.
- 2.5 The Committee shall consider and recommend the annual budgets in line with the company's business plan and prioritised objectives. The Committee will review, approve and monitor the quarterly management accounts and the annual budget prior to recommendation to the Board, and monitor its outcomes and review financial performance.
- 2.6 The Committee shall ensure there is an effective and consistent

Approved by Board on 26th May 2011

framework of Financial Regulations and that they are regularly reviewed, and any breaches of those regulations or exceptions are reported to the Committee.

- 2.7 The Committee will review the Annual Financial Statements and make a recommendation to the Board.

3.0 Membership

- 3.1 The Committee Members shall be appointed by the Board and can include co opted appointments. Members shall be free from any relationship that would interfere with the exercise of independent judgement as Committee Members. The Committee will not include Executive Officers or the Chair of the Board; however they can attend meetings if required. Membership will end when the Member is no longer a Board Member, or in the case of Co-opted Members, when the Board removes the Member from the appointment to the Committee.
- 3.2 The Committee shall comprise a minimum of five and a maximum of seven Members.
- 3.3 At least one Member of the Committee should have significant, recent and relevant financial experience for example as an auditor, accountant or as a finance director of a company.

4.0 Chair

- 4.1 The Committee shall have a Chair who shall be appointed (and removed) by the Board and shall be an elected Resident Board Member. The Chair will not be the Chair of the Board ~~or an Executive~~. By exception the Chair of the Committee can request that another Member chairs the meeting to cover occasional absence.

5.0 Secretary

- 5.1 The Company Secretary shall act as secretary to the Committee and attend all meetings providing support and advice as required. The Company Secretary will minute the proceedings and resolutions of all meetings of the Committee including recording the names of those present and in attendance. The Secretary will ascertain at the start of each meeting the existence of any conflicts of interest and minute these accordingly.

6.0 Quorum

- 6.1 The quorum for a meeting shall be three members two of which must be resident Board members and one non-resident Board

Approved by Board on 26th May 2011

member. If the meeting is not quorate the Chair can take the meeting through the business on the agenda however no decisions can be actioned until ratified by the Board or the next meeting of the Committee.

7.0 Meetings

- 7.1 Meetings of the Committee will be summoned by the Company Secretary in line with the annual meeting schedule, or by the giving of at least 3 days notice at the request of the Board, the Committee Chair or any Member of the Committee. The Chief Executive or the Finance Director may request a meeting be conveyed through the Chair of the Committee.
- 7.2 The Committee shall meet a minimum of four times a year and additionally if required to consider significant items.
- 7.3 The Chair shall report formally to the Board on its proceedings (through minutes or other means as appropriate) after each meeting, reporting on decisions taken within its delegations and making whatever recommendations to the Board the Committee deems appropriate on any area outside its remit.
- 7.4 The Chair of the Committee shall provide a report on the Committee's activities annually to the Board to inform the annual Directors report and other assurances to the Board.
- 7.5 The Committee shall have access to independent assistance and advice, normally arranged through the Chair of the Board, who may be invited to the Committees meetings. The Committee is authorised to obtain at the company's expense, outside legal or professional advice in any matter within its Terms of Reference. The Committee should have access to sufficient resources in order to carry out its duties. **The Committee shall instruct the Company Secretary should they wish to arrange for independent assistance or advice.**
- 7.6 The Chief Executive, the Finance Director, the officer responsible for risk management and the Internal Auditors shall attend Committee meetings as required. At the request of the Committee Chair, other Directors and Officers may be requested to attend meetings in their entirety or for specific agenda items. Representatives of the External Auditors shall also be invited to attend as required.
- 7.7 The Committee should be provided with appropriate training both in the form of an induction programme for new members and on an ongoing basis for all members. At least once a year, the Committee should review its own performance and Terms of Reference to ensure it is operating at maximum

Approved by Board on 26th May 2011

effectiveness and recommend any changes it considers necessary to the Board for approval.

8.0 Duties and powers

8.1 Internal Control

The Committee will review and provide high level challenge to management with regard to risk management and internal control, monitoring the maintenance of an effective system of internal controls including internal financial control.

- 8.1.1 The Committee shall consider and make recommendations to the Board in relation to the annual statement of effectiveness on the systems of internal control. This is in the form of a business assurance report which is based on internal and external audit evidence together with managers self assessments.
- 8.1.2 The Committee shall consider, and report to the Board any control weaknesses identified by the External Auditor's "Management Letter".
- 8.1.3 The Committee shall check that weaknesses in control are being corrected within the agreed timescale.
- 8.1.4 The Committee shall commission any special investigations of matters of particular concern relating to internal control.
- 8.1.5 The Committee shall ensure the organisation complies with regulatory guidance relating to Internal Controls in legislation and good practice.
- 8.1.6 The Committee shall at least annually approve the list of authorised signatories and bank mandates.

8.2 Risk Management

The Committee will review and monitor the scope and effectiveness of the systems established by management to identify and assess all material risks both financial and non financial. The Committee will provide challenge to the risk framework, risk strategy and risk policies to ensure that there is an adequate internal control system which reflects the nature, size and strategy of the organisation.

- 8.2.1 This review and monitoring will include:
 - Recommending the Risk Strategy to the Board.
 - Receiving and reviewing quarterly risk management reports.
 - ~~Preparing~~ Recommending ~~an~~ the annual report to the

Approved by Board on 26th May 2011

Management Board summarising risk management activity, the work of the Committee in reviewing and monitoring that work and recommending any action.

- Recommending the annual assurance report to the Board.

8.3 Financial Management

8.3.1 The Committee shall:

- Review the integrity of the annual financial statements and all material information presented and review significant financial reporting judgements contained in them.
- Review the consistency of and any changes to accounting policies on a year on year basis and the method used to account for significant or unusual transactions where different approaches are possible.
- Review whether the company has followed the appropriate accounting standards and made appropriate estimates and judgement taking into the account the views of the external auditors.
- Review the clarity of disclosure in the company's financial reports in the context in which statements are made.
- Consider and make recommendations to the Board that the statement on the Internal Control is appropriate and that the accounting policies used have been appropriately applied.
- Recommend for approval the annual accounts to the Board.
- The Chair of the Committee will attend the Annual General Meeting, recommending the accounts to Members and be available to support the Finance Director with questions from Members.

8.4 External Audit

8.4.1 The Committee shall consider contractual term and methods of appointment of External Auditors or other advisers or consultants that it believes are required and should approve the terms of engagement and the remuneration to be paid to the external auditor in respect of audit services provided, ensuring it meets the requirements of the Modular Management Agreement. The appointment itself will be made at the Annual General Meeting.

8.4.2 The Committee shall monitor external audit output, quality and cost effectiveness of the audit. Every three years it will conduct a comprehensive review of the performance of the external auditor, and of the external audit appointment. It will draw any issues of significance to the attention of the Board.

8.4.3 The Committee will monitor and review the External Auditor's independence, objectivity and effectiveness on an annual

basis, including reviewing any non audit services provided ensuring the external audit function remains the majority of the appointed auditors work. The Committee shall keep under review the relationship between the work of internal and external audit ensuring no conflicts of interest arise.

8.4.4 The Committee will approve all engagements of External Auditors for all work which falls outside the scope of the external audit. Such approval will ensure the following conditions are met:

- a. The products or services provided are on a single instance or single year basis.
- b. Cumulatively the combined cost of all such services does not exceed the amount of the audit fee.
- c. The nature of the additional products or services is such that it would be considered appropriate for the organisation to engage the external auditor to provide them.
- d. Any services costing more than £15,000 are evaluated for competitive pricing unless the context of the services or the urgency of the task prohibits this.
- e. There is no perceived or actual conflict of interest should the external auditor provide the proposed services.

Where all of the above conditions are not met the committee will refer the decision to the Board with their recommendations for further consideration and approval (if appropriate).

If the nature of such services is urgent the Chair of the Board or the Chair of the Committee is empowered to approve the engagement of such services on behalf of the organisation subject to the above conditions.

8.4.5 The Committee will approve the audit representation letters before signature by management.

8.4.6 The Committee shall review the response to any audit management letters, reports or investigations. The Committee will be made aware of any regulatory inspections that are carried out and the potential consequences on the risk profile.

8.4.7 The Committee shall raise with the external auditor any special areas of concern to be considered as part of the annual audit programme and keep under review the relationship between the work of the external and internal auditors.

8.4.8 The Committee shall meet with the external auditors without the

presence of Executives or staff (with the exception of the Company Secretary) at least once a year.

- 8.4.9 The Committee shall have primary responsibility for making a recommendation on the appointment, reappointment and removal of the external auditor. If the Board does not accept the committee's recommendation, it will include in the annual report and in any papers recommending appointment or reappointment, a statement from the committee explaining the recommendation setting out reasons why the Board has taken a different decision.

8.5 Internal Audit

The committee shall overview the work of Internal Audit.

- 8.5.1 The Internal Auditor shall have a direct right of access to the Chair of the Board and to the Chair of the Committee to ensure that the function's independence can be preserved in all circumstances.
- 8.5.3 The Committee shall satisfy the Board that the Internal Audit function is sufficiently resourced, including approving the appointment or the termination of the contract, the terms of engagement and the remuneration to be paid.
- 8.5.4 The Committee shall consider the Internal Auditor's independence, objectivity and effectiveness on an annual basis.
- 8.5.5 The Committee shall review the planned programme of work of internal audit at least once a year by way of an audit needs assessment, ensuring that it is appropriate and performed to the Standards & Guidelines of the Institute of Internal Auditors UK.
- 8.5.6 The Committee shall receive and consider activity reports and reports of completed audits from internal audit explaining progress of internal audit work against plan, reasons for differences and corrective action taken, and major findings relating to control weaknesses, drawing particular attention to any situations where the management response has been inadequate. The Committee will review and monitor management's responsiveness to the findings and recommendations of the internal auditor.
- 8.5.7 The Committee may on occasion commission internal audit work directly on behalf of the Committee.
- 8.5.8 The Committee shall receive reports from management on all

Approved by Board on 26th May 2011

cases of actual and attempted fraud.

- 8.5.9 The Committee shall meet with the Internal Auditors at least once per year without the Executive or staff present, (with the exception of the Company Secretary).

9.0 Whistle Blowing, Fraud & Hospitality

- 9.1 The Committee will review and approve arrangements by which staff of the organisation may, in confidence raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters. It should satisfy itself that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow up action and that any matters relevant to its own responsibilities are brought to its attention. A review of arrangements should be carried out annually with any changes to the **Whistle Blowing, Fraud & Hospitality Policies** notified to all staff and Members.

10.0 Dispute

- 10.1 In the case of dispute the **Board** decision shall be final. However, the Chair of the Committee shall have the right to report any such decision to the external auditors or where necessary to external regulatory body after discussion at the Board that this action is intended to be taken.

Version Control

Updated by	Updated on	Filename & path	Status
Angela Bosnjak-Szekeres	May 2011	T:\Company Secretary\New Company Secretary\2 Important Governance Documents\5 Terms of Reference	Approved by Board on the 26 th May 2011
Angela Bosnjak-Szekeres	July 2012	T:\Company Secretary\New Company Secretary\2 Important Governance Documents\5 Terms of Reference	

Approved by Board on 26th May 2011

Agenda Item 11

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

TMO BOARD — 15th NOVEMBER 2012

CONFIDENTIAL

1 PURPOSE

- 1.1 To provide the Board with an update on the work undertaken on developing the proposal to set up an Internal Service Provider (ISP) for repairs and maintenance.

FOR INFORMATION

2 BACKGROUND

- 2.1 The interim contract with Willmott Dixon was established on the 25th June 2012 and has now been in operation for 4 months. The contract period is for 11 months with a possible further extension of 6 months (ending 25th November 2013).
- 2.2 During the summer work was undertaken to research and visits to various organizations that operate different models for providing a repairs service. At the Board meeting in September the Board reviewed these options and agreed an in principle decision to take forward a proposal to develop a TMO managed Internal Service Provider (ISP) as the favoured option for the future delivery of the repairs and maintenance service. It was also agreed that a further more detailed Business Plan is developed.
- 2.3 As part of the work in the summer a benchmarking exercise was undertaken to review the performance of the ISP model against a number of different organizations. For reference this is attached again to Appendix 1 of this report. An indicative five year financial plan for the proposed ISP was also presented to the Board in September and is attached to Appendix 2 of this report.
- 2.4 In reviewing the drivers for the set up of the ISP the board agreed that there were three key areas that specifically fit with the TMO objectives. These are:
- Control – to ensure an appropriate level of control over the future shape, quality and direction of the service.
 - Sustainability – The ability to develop a service which meets the long term needs of our residents both in terms of service and investment.

CONFIDENTIAL

- Growth – opportunities for growth and reinvestment for residents.

3 BUSINESS PLAN

- 3.1 Since the September Board further work has been undertaken to develop a detailed risk register and also to seek advice on the governance structure. This information was presented to the Board Away Day on the 2nd and 3rd of November.
- 3.2 A consultant Peter Dunne has also been selected to assist in developing the more detailed Business Plan.
- 3.3 This more detailed business plan work will include developing:
- IT strategy
 - Staff structure for the ISP
 - Processes for measuring quality and performance
 - TUPE requirements
 - Financial plan
 - Governance arrangements
 - Timetable for implementation
 - Risk register

4. NEXT STEPS

- 4.1 The full detailed Business Plan is to be presented to the Finance, Audit and Risk Committee on the 13th December 2012.
- 4.2 This Business Plan will then be presented for approval to the full Board on 8th January 2012.
- 4.3 Following the Away Day on the 2nd and 3rd of November it was agreed that a further two meetings would be held before the Finance, Audit and Risk committee to review the detailed work as set out in 3.3 above. These will be held at 5.30pm on 22nd November and 29th November at 346 Kensington High Street board room.
- 4.4 As part of preparatory work two sessions to visit the Customer Service Centre and the operations of our current repairs contractor Willmott Dixon at the Hub were also agreed. These will take place during working hours between 3.30pm and 4.30pm on 22nd November and 29th November prior to the evening meetings set out above in 4.3.

REPORT AUTHOR: Sacha Jevans
Director of Operations

Agenda Item 13

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED

TMO BOARD — 15 NOVEMBER 2012

CONFIDENTIAL - GRENFELL TOWER REGENERATION PROJECT

1 PURPOSE

- 1.1 To recommend to the Board the progression of the detailed design and tender package phases of the Grenfell Tower Regeneration Project.
- 1.2 To recommend to the Board the appointment of Leadbitter (Principal Contractor) for the Pre-Construction Agreement phase of the project.

FOR APPROVAL

2 INTRODUCTION

- 2.1 The report will provide information on the following:
 - Background information on the Grenfell Tower Regeneration Project (GTRP)
 - The work undertaken to date and the proposed action going forward

3 BACKGROUND

- 3.1 Following discussions with RBKC the TMO was invited to identify potential regeneration opportunities that would significantly benefit residents and meet wider RBKC policy objectives.
- 3.2 From analysis of investment needs, RBKC activities and initiatives it was established that the regeneration of Grenfell Tower was most suited to a bid for funding.
- 3.3 Having presented the proposals to Operations Committee the Board considered the proposed bid at its meeting on 29 March 2012 and approved:
 - The submission of a HRA Regeneration Bid to RBKC in the sum of £6m
 - The appointment of relevant KALC design team consultants to develop the proposal

- 3.4 The RBKC Cabinet considered the bid at its meeting on 2 May 2012 and approved the allocation of £6m toward the Grenfell Tower Regeneration Project.

CONFIDENTIAL - GRENFELL TOWER REGENERATION PROJECT

4 PROJECT DEVELOPMENT

- 4.1 The project team comprising; Appleyards Cost Consultants and Employers Agent, Studio E Architects, Churchman Landscape Architects, Curtins Structural Consultants and Max Fordham Services Engineers have been commissioned via the IESE Framework to develop the bid proposal.
- 4.2 The development of the proposal includes complimentary and concurrently planned Capital Programme works to the communal heating and hot water system, water services, electrical installations, fire safety systems and ventilation systems.
- 4.3 The combined proposal has been developed to planning application stage with a formal planning application having been submitted to RBKC in September. This application is expected to be considered by Planning Committee in December 2012.
- 4.4 The project has reached a stage in its life where the project team with the exception of Appleyards is to be novated to Leadbitter to develop the planning application proposals through detailed design and tender package stages.

5 PROCUREMENT

- 5.1 The project team members including the contractor have been procured through a European Union (EU) compliant competitive process by RBKC for the immediately adjoining KALC project and as proposed to Board in March it is intended to utilize these project team members to deliver the Grenfell Tower Regeneration Project.
- 5.2 The Grenfell Tower Regeneration Project design team has been commissioned by KCTMO under its own contract regulations and fees are capped at the EU Procurement threshold of 174k as the design team procurement for KALC did not include provision to incorporate the Grenfell Tower Regeneration Project.
- 5.3 Novation of the Grenfell Tower Regeneration Project design team to Leadbitter following the planning stage of the procurement process falls within the IESE Framework and this was procured under an EU compliant process by RBKC with the Grenfell Tower Regeneration Project being included as part of the adjoining Kensington Academy & Leisure Centre (KALC) project Official Journal of the European Union (OJEU) Notice.
- 5.4 Appleyards has been commissioned separately as Cost Consultant (CC), Employers Agent (EA) and Construction Design Management Co-ordinator (CDMC) and this fee commission is capped at 174k for the entire project.

CONFIDENTIAL - GRENFELL TOWER REGENERATION PROJECT

- 5.5 Following a rigorous assessment process via the IESE Framework RBKC has appointed Leadbitter as the Principal Contractor for the KALC project and the procurement process includes the ability to include Grenfell Tower Regeneration Project. Appleyards has recommended that KCTMO adopt an equivalent approach and appoint Leadbitter as Principal Contractor for the Grenfell Tower Regeneration Project via the IESE Framework.
- 5.6 Under the IESE Framework, procurement of projects is via a series of Client sign off gateways and Executive Team will perform this function within the project parameters approved by Board.
- 5.7 Approval is sought at this stage for the award of the pre-construction agreement to Leadbitter to facilitate the development of the detailed design and tender package procurement phases of the project through the novation of the Grenfell Tower Regeneration Project design team. Costs associated with this award are capped at 250k.
- 5.8 As part of the procurement process a further report will be submitted to Board seeking approval to the award of contract to Leadbitter upon completion of these phases and this is expected to be presented at 3 January 2013.

6 PROJECT BUDGET / PROGRAMME

- 6.1 The Grenfell Tower Regeneration Project comprises two elements; regeneration of the exterior of Grenfell Tower and improvements and renewal of the internal building services installations and fabric.
- 6.2 The total project budget for the combined works is £9.4m. This comprises £6m regeneration works, £2.5m Capital Programme works and £0.9m contingency.
- 6.3 All costs are being charged to the HRA, including KCTMO project staff costs, split between regeneration and capital programme funding streams and these are expected to be incurred over a three year period from 2012 – 2014.
- 6.4 As the procurement of the tender packages is concluded and project delivery is achieved it is anticipated that the contingency will be reduced proportionate to the risk and value attached to individual work packages.
- 6.5 Key programme timescales are:
- Planning Permission – December 2012
 - Award of contract – January 2013
 - Start on site – February / March 2013

- Completion – Spring 2014

CONFIDENTIAL - GRENFELL TOWER REGENERATION PROJECT

7 SUMMARY AND RECOMMENDATION

- 7.1 Following KCTMO Board and RBKC Cabinet approval the original bid proposal has been developed and a Planning Application submitted.
- 7.2 A project budget and cost plan have been delivered.
- 7.3 A project programme has been developed.
- 7.4 A Stage C (Planning Stage) report has been prepared.
- 7.5 Executive Team will be required to 'sign-off' Gateway reports.
- 7.6 Background reports and the Planning Application will be available for inspection at the Board meeting.
- 7.7 The Board is recommended to approve:
 - 7.7.1 The progression of the detailed design and tender package phases of the project.
 - 7.7.2 The appointment of Leadbitter to undertake the Pre-Construction Agreement phase of the project with costs for this phase being capped at 250k.

REPORT AUTHOR: **Mark Anderson**
 Director of Assets & Regeneration