

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

**Agenda**

Meeting of the Board of Directors ("Board") of the Company  
to be held on 26 May 2016 at 6:30pm  
at Board Room, 346 Kensington High Street, London W14 8NS

Agenda Item	Report Name	Presenter	Action	Time	Enclosure
<b>PART A -- OPEN</b>					
1.	Notice, Apologies and Quorum	Chair	-	3mins	-
2.	Minutes of the meeting held on 31 March 2016	Chair	Discussion	5mins	-
3.	Matters Arising	Chair	Discussion	5mins	√
4.	Declarations of Interest*	Chair	Decision	2mins	√
5.	ICT Strategy	Executive Director of Finance and ICT	Decision	25mins	√
6.	Business Plan 2014 – 2017 Delivery Plan Update	Executive Director of People and Performance	For Information	15mins	√
<b>PART B - CONFIDENTIAL</b>					
7.	Treasury Management Policy	Executive Director of Finance and ICT	Decision	10mins	√
8.	Minutes of Confidential meeting held on 4 January 2016	Chair	Decision	5mins	√
9.	Matters Arising	Chair	Discussion	5mins	√
10.	Corporate Risk Map	Policy & Improvement Manager	Decision	10mins	√
11.	Internal Audit Plan Update	RBKC Internal Audit	For Information	10mins	√
12.	Budget Monitoring Report	Assistant Director of Financial Services	Discussion	15mins	√

13.	Subsidiary Business Plan & Revised Financial Plan	Managing Director, Kensington and Chelsea TMO Repairs Direct Limited	Decision	30mins	√
14.	Facilities Management Contract	Director of Asset & Regeneration	Decision	10mins	√
15.	Credit Union Investment	Executive Director of Finance and ICT	Decision	10mins	√
16.	Resident Board Elections 2016 Update	Company Secretary	Decision	10mins	√
17.	Board Forward Plan	-	To Note	-	√
18.	AOB	Chair	-	-	-
19.	Date of the next meeting – 20 July 2016	-	-	-	-

**Notes:**

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



Agenda Item: 3

**MATTERS ARISING (Open Meeting)**

NO.	MEETING DATE	MINUTE NUMBER	ACTION	BY WHOM	BY WHEN	UPDATE
1.	31/3/2016	5.1	Confirm if there have been evictions as a result of the introduction of bedroom tax	Yvonne Birch	26 May 2016	In 2015-16 one household affected by the bedroom tax was evicted for rent arrears. The bedroom tax may have been a factor in the arrears but it is not possible to say that it was the sole cause.

Agenda Item: 3

**MATTERS ARISING (Open Meeting)**

NO.	MEETING DATE	MINUTE NUMBER	ACTION	BY WHOM	BY WHEN	UPDATE
1.	31/3/2016	5.1	Confirm if there have been evictions as a result of the introduction of bedroom tax	Yvonne Birch	26 May 2016	In 2013-14 (year one of the bedroom tax) one affected household was evicted but for reasons unrelated to the bedroom tax. In 2015-16 one affected household was evicted for rent arrears.

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

<b>Open</b>	
<b>For Decision</b>	
<b>Board Report 26 May 2016</b>	
<b>Report title:</b>	<b>ICT Strategy 2016/17 to 2018/19</b>
<b>Authority for decision:</b>	The Board is responsible for setting the strategic direction of the Company
<b>Recommendations:</b>	It is recommended that the Board consider the contents of this report and pass a resolution approving the ICT Strategy for 2016/17 to 2018/19
<b>Regulatory/legal requirements:</b>	It is best practice for the Company to put in place an ICT strategy which supports the aspirations of the Company through the approved business plan. The strategy should be reviewed annually in line with the business plan review to ensure it continues to serve its purpose for the Company.
<b>Business Plan link:</b>	Customer service, value for money and growth
<b>Equality Assessment/comment:</b>	<b>Impact</b> No adverse affect for any group
<b>Resident consultation:</b>	Not Applicable
<b>Resource implications/VFM statement:</b>	The strategy implementation plan has been considered to ensure the plan can be achieved with the available staff resources, Any changes or additions will impact on resource availability and completion of the actions in the plan
<b>Risk:</b>	Failure to invest in ICT will restrict future technology capabilities and development to support the Company's business aspirations.
<b>Appendices:</b>	<b>1</b>
<b>Total number of pages including appendices:</b>	41
<b>Name, position and contact details of author:</b>	Barbara Matthews, Executive Director of Financial Services & ICT and Nurul Miah, Head of ICT

## **1. INTRODUCTION**

- 1.1 The ICT strategy attached at Appendix 1 has been presented to provide the Board with a strategic overview of the current ICT provision to the Company and its subsidiary Repairs Direct and the proposed direction over the next 3 years.
- 1.2 The ICT strategy supports the Company's business plan vision and mission, and strategic priorities and aims to ensure that ICT provision is not only a support service but as a business critical service supports the corporate strategic priorities.
- 1.3 There are a number of external factors which have been considered when shaping the strategy including increased use of mobile technology to support staff mobility, new leading edge (but not bleeding edge) technologies to improve business efficiencies (including the move to more use of Cloud technology) and improvement to systems and data security.
- 1.4 The strategy document includes a high level priorities implementation plan outlining the current position and the proposed action over the next 3 years. The plan assumes the current staff resources continue at the current level. The Board should also note that any changes or additions to the plan will impact on the delivery of this strategy.
- 1.5 The appendices in the strategy include a glossary of common terms used, the ICT organisation structure and the roles of the teams, the network infrastructure, business systems in operation (by company), and system diagrams to show the complexity of interactions including those linked to RBKC systems.
- 1.6 The Executive Team have reviewed and agreed the strategy and the document was also reviewed by Simon Brissenden.

## **2 RECOMMENDATION**

- 2.1 The Board is requested to consider the ICT Strategy for 2016/17 to 2018/19 and agree to the recommendations set out on the first page of the report.



# **The Royal Borough of Kensington & Chelsea Tenant Management Organisation Limited**

ICT Strategy 2016-2019

DRAFT

# Table of Contents

	Page
<b>1. Introduction</b>	<b>2</b>
1.1. Background	2
1.2. Purpose of the ICT strategy	2
1.2.1. Vision	3
1.2.2. Mission	3
<b>2. Strategic Priorities</b>	<b>3</b>
<b>3. Strategic direction</b>	<b>4</b>
<b>4. Information Principles</b>	<b>4</b>
<b>5. Strategic Aims and implementation</b>	<b>5</b>
<b>6. Implementation risks</b>	<b>24</b>
<b>7. ICT Planning process</b>	<b>25</b>
<b>8. Appendices</b>	<b>26</b>
9.1. Appendix A – Glossary	26
9.2. Appendix B – ICT Organisational chart	28
9.3. Appendix C - TMO and repairs Direct Systems and Network infrastructure	30
9.4. Appendix D – Business Systems	33
9.5. Appendix E – TMO Current Network Topology	38

## 1 Introduction

Today businesses critically depend on ICT systems and the data they have cultivated. These systems provide a business with the ability to communicate with staff, customers and partners; they enable us to manage complex relationships and to monitor operational performance. ICT also has the ability to transform the way services are organised and delivered. It has a fundamental role to play in improving efficiency, reducing cost across the organisation and supporting organisational change and development.

The aim of the ICT strategy is to provide a strategic overview of the current ICT provision and where the TMO hope to get to over a 3 year period (2016 – 2019). The TMO Business Plan 2014-2017 was agreed by the Board in July 2014 and set out the vision and mission for the company, as well as strategic priorities for the next 3 years.

This strategy is also intended to be a flexible and working document that will be regularly reviewed and updated on an annual basis to reflect changes in technology, policies and service requirements.

### 1.1. Background

The TMO manage around 10,000 properties for the Royal Borough of Kensington and Chelsea. As part of the growth strategy, in 2013 TMO decided to bring the repairs service in-house by setting up a wholly owned subsidiary (Repairs Direct) to manage responsive repairs.

The systems required by the subsidiary are managed and supported by the TMO ICT department.

A glossary of terms has been included in the Appendices in section 9 at Appendix A.

Introduction to the ICT department and an organisational chart for the ICT team is included in the Appendices in section 11 at Appendix B.

Information on the TMO and Repairs Direct systems, technologies used to safeguard TMO's valuable data, and the network infrastructure is also included in section 9 at Appendix C.

### 1.2. Purpose of the ICT strategy

ICT is no longer just a support service; it has become a business critical service at the heart of the business. This strategy sets out our ICT objectives in line with the company's aims, business plan and the five corporate strategic priorities. These are as follows:

- Customers at the heart
- Fantastic people work here
- Invest to make great homes and communities
- Deliver excellent good value services
- Grow our scale and scope

The ICT strategy is the road map for the delivery of ICT services over the next three years and will be reviewed annually as part of objective setting, in order to ensure that ICT



continues to meet the organisation's strategic objectives, as well as taking into account any business or legislative changes and availability of funding.

The diagram below illustrates Strategic priorities relationship to ICT strategy and directorate strategies



Figure 1: Strategic priorities relationship to ICT strategy and directorate strategies

### 1.2.1. Vision

Corporate vision - ***Our community – a great place to live***

The vision is an aspirational target and looks 10 years ahead. It recognises that the majority of the Board and the residents live in the borough and are part of the community we serve.

Overall, the ICT vision will be to support the TMO's objectives and provide modern, cost effective, integrated ICT systems that maximise the potential for the TMO to deliver quality services to our customers.

### 1.2.2. Mission

***Delivering excellent services through resident-led management.***

The mission is a realistic target and looks at some 5 years ahead. The mission reflects the fact that the TMO already delivers much more than housing services (such as resident training, employment, welfare reform support, commercial property management, community alarm services) and there is an aspiration for us to do more.

The approach detailed within this ICT strategy serves to help under-pin the overall mission of TMO, so that the business needs of the organisation, rather than the available technologies, drive the ICT strategy.

## 2. Strategic Priorities

To support this vision, the ICT Strategy builds on the platform established in previous years and the current development of the way ICT services are delivered. The key focus will be on effectively supporting and enabling achievement of strategic objectives and priorities as efficiently and economically as possible. We will continue to seek improvements in the performance, and in the accessibility of services provided.

## 3. Strategic direction

The strategic direction of the ICT strategy is driven by the strategic aims of the organisation as stated in the five corporate strategies and the business plan. There are also several



external factors which need to be taken into account when shaping the strategy, and these are as follows:

- Increasing prevalence of mobile technology and its impact on staff mobility, leading to improved ways of working
- Reviewing technology and market trends to assist in providing the business with improved service effectiveness and process efficiencies, utilising both existing technologies and emerging developments which may impact future ICT strategy, using leading edge technology not necessarily bleeding edge technology.
- All business data must have a business owner, be secure and be fully managed. The data must also be maintained and reviewed periodically to ensure data accuracy. TMO master data needs to be accurate as systems are development and become further integrated, to provide a more comprehensive solution to all staff
- The need to improve overall customer experience
- The requirements of the annual internal security audit should be met, to ensure data is secure. System penetration testing will also be included after any major changes to systems and/or network infrastructure

#### **4. Information Principles**

The information we hold regarding our residents and properties are assets that need to be maintained and stored securely, electronically or otherwise. ICT will ensure that access is kept up-to-date and annually review user access on all our systems. Where possible, single sign on will be used to reduce the number of user accounts users are required to manage. Best practice and recommendations made during audit will be considered when applying security policy

- Information is a business asset which needs to be controlled and managed with the same degree of attentiveness as any other type of asset, such as facilities, people and money
- Information Systems belong to business users and not the ICT team. ICT is responsible for ensuring that the systems are functioning correctly
- The business process owner will be responsible for identifying any process changes that are required due to business and/or relation changes. ICT will ensure that the process is changed to reflect the business need
- Business data - The responsibility of making sure the information is accurate belongs to business users. It is advisable that lead business user(s) are identified for each system
- When implementing new systems, business users are responsible for identifying the business needs. ICT to ensure that the system chosen can be supported by the infrastructure
- Ensure we embed VFM in everything we do. E.g. procurement of software, hardware and services

## 5. Strategic Aims and implementation

The information tables below shows business strategic priorities, how ICT aims to deliver the strategic objectives and the ICT 3 year implementation plan. Resources and team structure have been determined to ensure this plan can be completed. Changes in or addition to the plan may require additional resources or amendments to planned activity. The plan also highlights the desirable and essential elements of each activity.

[E – Essential, D – Desirable]

Strategic aims	Current position	Work required	2016/17	2017/18	2018/19
<b>Customer Strategy</b> To deliver excellent services to our customers however they choose to access them, so that they deal with customer focused staff who take ownership of the customer enquiry and ensure that they are responded to courteously effectively and efficiently.  The objectives for the strategy are: <ol style="list-style-type: none"> <li>1. Insuring that our service delivery is excellent</li> <li>2. Providing a variety of access methods to suit customer needs</li> <li>3. Using the latest technology to deliver joined up services</li> </ol> Strategic objectives <ul style="list-style-type: none"> <li>• Provide a variety of access methods to suit</li> </ul>	<p>A number of systems are used to manage and deliver our services. Interfaces and data loaders are used to ensure that all the system data is up to date across all our systems and easily accessible.</p> <p>Customers can request services over the telephone, via the website and customer portal</p> <p>There are several methods available to colleagues to access information, both locally from office based terminals and also via mobile devices such as tablets and smart phones. Colleagues are also able to login in securely using a secure VPN connection.</p> <p>Smart phones are being</p>	<ul style="list-style-type: none"> <li>• Complete installation of Keystone- Capita Housing and Keystone-Keyfax interface, so that colleagues are provided with asset information at the point of logging a repair.</li> <li>• Complete the development of notes interfaces, to avoid the need to log onto multiple systems for information, and ensuring that all repair related information is available on Capita Housing and Open Contractor. The information will also interface with Microsoft CRM.</li> <li>• Customer First project (CRM): Provide a 360 degrees view of customer information to all colleagues, as well as a Knowledge Base - to share information, guidance and procedures. Case based workflows will manage and track processes, and bespoke data fields will allow colleagues to store extra information. It should also ensure secure access to customer information.</li> <li>• Review suitability of current resident portal in line with the service delivery objectives.               <ul style="list-style-type: none"> <li>• Smart device (smart phones, tablets) friendly website or a mobile app</li> <li>• Increase the number of services available via the resident portal.</li> <li>• Provide audience-based announcements e.g. by post code, block, estate, area</li> </ul> </li> <li>• Move all VPN users to SSL VPN</li> </ul>	E		
			E		
			E	E	E
			E	E	

Strategic aims	Current position	Work required	2016/17	2017/18	2018/19
<p>customer needs</p> <ul style="list-style-type: none"> <li>Use technology to deliver joined up services</li> </ul>	<p>used by colleagues in Repairs Direct to process repairs, and ESA colleagues to complete estate inspections.</p>	<ul style="list-style-type: none"> <li>Develop mobile working solution further to deliver other front line services</li> </ul>	<p>E</p> <p>E</p>	<p>E</p>	<p>E</p>
<p><b>People Strategy</b></p> <p>To ensure that we have the right people, with the right behaviours, attitude and skills to ensure service delivery now and in the future.</p> <ul style="list-style-type: none"> <li>Increasing employee engagement</li> <li>Developing our cultures</li> <li>Improving our customer focus</li> </ul>	<p>The TMO Intranet provides colleagues with a central location for departments and TMO applications. The intranet administration sits with the Communication team and colleagues are not able to make changes to the intranet content or documents. The system does not currently have a knowledge base system, where colleagues can search of information or publish information.</p> <p>Over the last twelve months we have had high staff turnover on the support desk, and as part of learning and development for new staff, Infrastructure team and Application team developed a series of workshops.</p>	<ul style="list-style-type: none"> <li>Support Communication team with the procurement and implementation of a new intranet system.</li> <li>Complete ICT workshops for Support desk and ensure that operational procedures are up-to-date</li> <li>Setup bi-monthly ICT clinics at all the main sites to enable colleagues to raise any IT issues</li> <li>Continue with the rollout of the Mitel Micollab to enable colleagues to fully utilise: Web conference, chat, conference calling</li> <li>Develop a communication policy for ICT and make sure colleagues are kept informed of any planned works on the system, including upgrades and enhancements</li> <li>Continue including colleagues in the testing of systems during upgrades and DR exercise</li> </ul>	<p>E</p> <p>D</p> <p>D</p> <p>E</p>	<p>D</p>	

Strategic aims	Current position	Work required	2016/17	2017/18	2018/19
			E		
			E	E	
<b>Value for Money Strategy</b>  To provide high quality value for money services for our customers.	Recently we developed number of interfaces between our core systems to increase the amount of information available to colleagues without the need to access multiple systems.  The mobile solution recently developed for ESAs has enabled colleagues to schedule routine tasks and automatically push them out to mobile devices, to be completed electronically. Colleagues out in the field are also able to log repairs and complete ad-hoc forms.  Recently we reviewed the suitability of Microsoft Dynamics CRM for the TMO, providing a 360 degrees view of customer information, work flow and integration with key systems.	<ul style="list-style-type: none"> <li>ICT will continue to consolidate equipment, improve power management and invest in environmentally friendly technology.</li> <li>Support the Communications team in reviewing options and cost around the implementation of a new intranet system.</li> <li>Content management should be simple and require minimal technical abilities, and it should also integrate with Microsoft Dynamics CRM.</li> <li>Support the Communications team review options and cost around the implementation of a new website, taking into account Microsoft CRM, Social media, web chat and Customer portal functionality.</li> <li>Review the lease contract for Konica Minolta photocopiers.</li> <li>Review the mobile contract, ensuring that we provide the most appropriate handsets</li> <li>For all relevant software procurement, solutions will be considered based on functionality, value for money (VFM) and total cost of ownership.</li> <li>Use PFH framework (housing sector procurement network) to deliver ICT procurement</li> <li>Review and implement new EDMS system which is more user friendly, and efficient, and fully integrates with Microsoft Dynamics CRM</li> </ul>	D	D	D
			E	E	
			E		E
			E		
			E		
			E	E	E
			E	E	E

Strategic aims	Current position	Work required	2016/17	2017/18	2018/19
					E

#### Access Channels

Strategic objective	Current position	Actions	2016/17	2017/18	2018/19
Multiple working methods should be available to suit the varying needs of colleagues, including mobile working. The solutions should be robust and secure, providing access to the systems and applications when in and away from TMO offices.	A number of remote working facilities exist and the current strategy is to provide colleagues with token based secure access to TMO systems.  Hot desk facilities are available at all offices, and users are also able to login to any desk phone and have their calls automatically routed. Using the Micollab client they are also able to set different profiles to manage their telephone calls.	<ul style="list-style-type: none"> <li>Complete roll out of token based remote access solution</li> <li>Review a selection of tablet/laptop devices to be used by colleagues to access systems. Enabling staff to be more mobile</li> </ul>	E		
			E	E	E
Communication methods, whether face to face, by telephone, via electronic or electronic mail should be made simple for users. Any publication should avoid technical "jargon" where possible	All Blackberry handsets have been replaced with smart phones providing better access to emails and the internet. Full network connectivity is available via token based access. A facility also exists to provide full connectivity to the customer service call management solution for	<ul style="list-style-type: none"> <li>Review suitability of current smartphone devices and where possible provide options</li> <li>Complete the roll out of MiCollab to provide instant messaging and desk based web conferencing capabilities, and add video conferencing between meeting rooms</li> <li>Review the suitability of current data links to all satellite offices e.g. ADSL, fibre broadband, data links</li> </ul>	E	E	
				E	E



	CSAs, should they be required to work from home.				
Be in a position to embrace Cloud computing technologies and architectures as and when the business need versus cost justifies the case.	Cloud based solution was considered for Microsoft CRM; however on premises implementation was considerably cheaper to implement and support.  Cloud based mobile device management solution was recently purchased to manage smart devices	<ul style="list-style-type: none"> <li>Consider Cloud computing when implementing new solutions or reviewing existing solutions</li> <li>Cloud computing will be used where financially viable</li> </ul>	D  D	D  D	D  D
Integrate telephony at all sites to achieve cost savings on support and call charges by utilising a single system and voice-over-IP technology over the existing EES circuit and private access broadband.	Standalone telephone systems based at all the main offices were replaced using a fully integrated telephony solution centrally managed by the ICT department. Estate offices and sheltered schemes continue to use analogue telephone handsets.	<ul style="list-style-type: none"> <li>Review options and cost around replacing estate office and sheltered scheme analogue telephones with the main integrated telephone solution</li> </ul>		E	

#### Core applications

Strategic objective	Current position	Actions	2016/17	2017/18	2018/19
TMO recognises the importance of maintaining well supported applications. All applications need to be brought in-line with the current levels of support, in terms of service packs and release versions, and provide a modern look and feel that is fit for purpose.	A number of interfaces exist between applications, and data is also exchanged securely with RBKC.  Service packs and version releases for all applications are reviewed and tested thoroughly by	<ul style="list-style-type: none"> <li>Continue to upgrade core applications to ensure the business benefits from new features and enhancements, and remain supported</li> <li>Continue to run disaster recovery (DR) test on core applications to ensure the business is able to recover from system failure</li> <li>Ensure all procedures and documentation is kept up to date</li> <li>Continue to develop system interfaces to enhance user experience</li> </ul>	E  E  E  D	E  E  E  D	E  E  E  D

Strategic objective	Current position	Actions	2016/17	2017/18	2018/19
<ul style="list-style-type: none"> <li>For the next three years the strategy is to continue to use the Capita Housing system, repairs management systems and finance systems.</li> <li>Ensure that the business is gaining the full benefits from the systems, through the process of upgrades, additional modules, enhancements, development work, improved data accuracy and system interfaces and processes.</li> <li>As appropriate, applications should be able to be delivered to all types of mobile technology.</li> <li>The use of web enabled applications where appropriate to improve access and reduce total cost of ownership</li> </ul>	<p>ICT and a small number of users on the test system before being rolled out into the live system.</p> <p>Disaster recovery (DR) testing of core applications is done annually. A test plan is prepared and presented to management so that resources can be pre-allocated for the coming series of test activities.</p> <p>All software is purchased, secured and managed by ICT</p>	<ul style="list-style-type: none"> <li>Keep abreast of mobile applications that could provide business benefits to the organisation</li> <li>Review system functions with users</li> </ul>	<p>E</p> <p>E</p>	E	E
<p><u>Integrated Housing Management System</u></p> <p>Fully integrated Housing application with the ability to interact with workflows, EDM, CRM, Asset management systems and</p>	Capita Housing – Version 18.3	<ul style="list-style-type: none"> <li>Upgrade Capita Housing to version 19.x to enable us to stay on supported version</li> <li>Review migration of Capita Housing from UNIX based system to Red Hat Enterprise Linux, taking into account standard and custom scripts and system functionality</li> <li>Consider virtualising the server in line with our virtual infrastructure and in order to reduce hardware support</li> </ul>	<p>E</p> <p>E</p> <p>D</p>	E	

Strategic objective	Current position	Actions	2016/17	2017/18	2018/19
repairs management systems.		<ul style="list-style-type: none"> <li>cost</li> <li>Review current data replication procedure in line with Business Continuity and Disaster Recovery plan</li> </ul>	E	E	E
<u>Office Suite</u> Standard office software that provides the necessary functionality to meet basic business requirements.	Current version: Microsoft Office 2010	<ul style="list-style-type: none"> <li>Keep Microsoft Office suite on the most recent version, taking into account any system dependencies i.e. Capita letter generation process</li> </ul>		D	
<u>Finance</u> <u>TMO – Finance systems</u> A secure Finance system that supports the Finance department's future requirements. <ul style="list-style-type: none"> <li>Implement future modules and enhancements as appropriate/required within the Finance strategy/service plan.</li> </ul>	Current version: Microsoft Dynamics Great Plains 2013	<ul style="list-style-type: none"> <li>Great Plains was reviewed as part of the implementation of Repairs Direct in 2013 and was deemed appropriate for its purpose.</li> <li>System is supported by 3<sup>rd</sup> party and is managed by the finance team. ICT will assist with system upgrades and patch releases.</li> </ul>	E	E	E
<u>HRA - Finance system</u>	<ul style="list-style-type: none"> <li>RBKC system. Unit4 Agresso - version: Milestone 4</li> </ul>	<ul style="list-style-type: none"> <li>Maintain a regular review to keep the client current and supported.</li> </ul>	E	E	E
<u>HR</u> A secure HR system that supports the HR department's future requirements and enable staff to access their data and process key activities. <ul style="list-style-type: none"> <li>Implement future modules and enhancements as appropriate/required</li> </ul>	Current version: HR Select 1.4, Select Pay 2.6	<ul style="list-style-type: none"> <li>Roll out a patch release to fix systems issues.</li> </ul>	E	E	E



Strategic objective	Current position	Actions	2016/17	2017/18	2018/19
within the HR strategy/service plan					
<u>Asset management</u> Asset management application integrated with the Housing system to manage TMO property portfolio.	Current version: Keystone 5.11.5459	<ul style="list-style-type: none"> <li>Maintain a regular review to keep the system current and supported.</li> </ul>	E	E	E

#### Repairs Direct Systems

Strategic objective	Current position	Actions	2016/17	2017/18	2018/19
	<p>There have been significant changes over the last 3 years, the main one being the formation of Repairs Direct. This has led to investment in new systems and enhancement of existing systems to support the changes as follows:</p> <ul style="list-style-type: none"> <li>The implementation of Open Contractor, Total Mobile and DRS: <ul style="list-style-type: none"> <li>Open Contractor introduced to provide repair job management</li> <li>Standard and enhanced interfaces between Capita Housing and Open Contractor</li> <li>Mobile working</li> <li>Vehicle tracking</li> <li>Sub-Contractor portal – Allows our sub-contractors direct</li> </ul> </li> </ul>				

Strategic objective	Current position	Actions	2016/17	2017/18	2018/19
	access to our system and process jobs allocated to them. <ul style="list-style-type: none"> <li>Interface with the material suppliers IT system (Travis Perkins)</li> <li>Van stock management - van stock replenishment and job costing through Open contractor</li> <li>Bespoke interfaces</li> </ul>				
Open Contractor	Recently upgraded to version 13 in line with the suppliers support agreement.	<ul style="list-style-type: none"> <li>Maintain a regular review to keep the system current and supported</li> </ul>	E	E	E
TotalMobile	Version 5.5	<ul style="list-style-type: none"> <li>Maintain a regular review to keep the system current and supported</li> </ul>	E	E	E
DRS	Recently upgraded to version 5.4 in line with the suppliers support agreement.	<ul style="list-style-type: none"> <li>Maintain a regular review to keep the system current and supported</li> </ul>	E	E	E
Capita Open Contractor - Contractor portal	Contractor Portal is part of Capita Open Contractor system. The standard portal was customised recently to deliver enhanced functionality in line with the business requirements.	<ul style="list-style-type: none"> <li>Develop the portal with Capita to improve functionality</li> <li>Provide training to Sub-Contractors as and when required</li> <li>Modify further to improve functionality and streamline processes</li> </ul>	D D D	D D D	D D D

#### Enablers

Strategic objective	Current position	Actions	2016/17	2017/18	2018/19
<u>Data Network</u> The network architecture must provide secure and reliable interconnection of all sites, and be capable of supporting growth of the	The ICT department supports all the systems utilised by the TMO for the management of HRA, TMO and Repairs Direct business. It supports	<ul style="list-style-type: none"> <li>Review and plan upgrade to Microsoft's Windows 2012 Terminal Services</li> <li>Review current wireless solution</li> <li>Review network hardware annually</li> </ul>	D		D

Strategic objective	Current position	Actions	2016/17	2017/18	2018/19
<p>company.</p> <p>Delivery of applications should be through the most proven and effective route.</p> <p>The network should also support full use of class of service (COS) for data/voice transit (VOIP) and allow maximum throughput between servers and storage devices.</p>	<p>all the main offices, estate offices and sheltered schemes with approximately 280 ICT users.</p> <ul style="list-style-type: none"> <li>All the major applications are provided via a thin client solution using Microsoft's Windows 2008 Terminal Services</li> <li>The Wide area network is provided by BT and Virgin.</li> <li>Class of Service (to carry voice) and Voice-Over-IP is configured and used at all four main sites (and some of the estate and sheltered offices).</li> </ul>	<ul style="list-style-type: none"> <li>Plan and replace all Nortel 1648 switches as recommended by the last review</li> </ul>	E E	E	E
<p><u>Voice Network</u></p> <p>Single telephone system for all sites, using EES site links and secure private internet connection.</p> <p>Embrace unified communication (MiCollab) to provide real-time communications and presence.</p> <p>Provide conferencing facility in all meeting rooms.</p>	<ul style="list-style-type: none"> <li>Single solution is used to provide telephony at all the main sites, utilising EES circuits to route internal calls. The solution is provided by Annodata.</li> <li>Call recording and call logging is enabled on the main telephony solution and the data is retained for twelve months.</li> <li>The telephone solution is replicated to the DR site and the system</li> </ul>	<ul style="list-style-type: none"> <li>Review options around replacing analogue lines at estate offices and sheltered schemes to integrate with the existing main office solution</li> <li>Implement changes confirmed for Customer Services to improve call handling and account coding</li> </ul>	E E	E	

Strategic objective	Current position	Actions	2016/17	2017/18	2018/19
	automatically routes the call handling process, should the main site become unavailable.				
<u>Servers</u> TMO core services operate on a Windows server and Unix platform. Each server hardware configuration has been tuned and optimised in accordance to the applications specification.  We have chosen to replace all hardware on a 3 year replacement cycle.	All core services are centralised at Network Hub office and DR servers are based at the Blantyre data centre. There are physical servers and virtual servers based at the Network hub office. The servers are running Microsoft Windows 2003 or 2008 operating systems with HP as our preferred supplier. The Capita Housing server is the only exception, running the Solaris 10 operating system on a Unix server.	<ul style="list-style-type: none"> <li>Upgrade all Microsoft servers to Windows 2012</li> <li>Continue to embrace virtualisation technology where possible to yield benefits</li> </ul>	D  E	E	E
<u>Desktop</u> All desktop equipment should be configured with the most current version of the Microsoft Windows operating system and in accordance with the requirements of the end users to ensure it meets their needs.  Desktop equipment will be replaced periodically to ensure all hardware remains current and fully supportable.  The current version of	Thin clients provide greater flexibility for users, and functions for mirroring thin client user sessions over the network also helps to reduce support costs.  Over 80% of desktop devices are thin clients. Desktop PCs are only issued where a specific application is required by the user, which does not function correctly or impacts the performance of	<ul style="list-style-type: none"> <li>Continue deploying thin clients</li> <li>Review and replacing desktop PCs with thin clients where possible</li> <li>Continue testing applications required by users on terminal servers to explore the possibility of running these via thin client solution instead.</li> </ul>	E  E  E	E  E	E  E

Strategic objective	Current position	Actions	2016/17	2017/18	2018/19
Microsoft Office will be installed on all desktop PCs.	the Microsoft terminal server.				
<u>Unified Communication</u> Full unified communication across the organisation incorporating presence indication, email, instant messaging and fixed/mobile voice/data services.	Capability exists for users based at all the main sites as they are connected to the Mitel telephone system.	<ul style="list-style-type: none"> <li>Review options and cost around providing Unified communication at satellite offices and sheltered schemes.</li> <li>Review options and cost around video conferencing functionality</li> </ul>	E D		
<u>Contact centre</u> To have the ability to provide a consistent solution for disaster recovery, allowing staff to maintain service levels should access to the normal office become unavailable.	There is currently one contact centre based at network Hub. Pickup groups and hunt groups are also used across the organisation to manage inbound calls. Voice mail is provided on request.	<ul style="list-style-type: none"> <li>Provide ICT support and advice for any future business led technology projects, in particular around resident enquires and inbound call options</li> </ul>	E	E	E
<u>Mobile technology</u> All mobile communication technology must be reliable, secure and meet business needs, based on user role requirements. Mobile communication will be reviewed at least bi-annually to make best use of new technology allowing greater use and flexibility whilst ensuring Value for Money.	Mobile communication is provided to staff in the form of smart phones. The service is provided by O2. Smart phones are also used by Repairs Direct operatives to access repair jobs, and by Estate Services Assistants to access scheduled inspections, raise repairs and complete ad-hoc forms.	<ul style="list-style-type: none"> <li>Review and renew existing handsets</li> <li>Continue to review and develop mobile solutions</li> </ul>	E E		E
<u>Electronic Document Management</u> Electronic Document Management (EDM) should be fully utilised to minimise the movement, storage and cost of paper based systems.	<u>Civica W2 Version 17.3</u> Functions and modules currently being used by the TMO: 1. Document scanning, indexing and processing 2. General Filing	<ul style="list-style-type: none"> <li>Complete workflow processes currently under development</li> <li>Consider other options that will interface with Microsoft Dynamics CRM, intranet and are more easy to use</li> </ul>	E	E	E

Strategic objective	Current position	Actions	2016/17	2017/18	2018/19
Increase documents security and accessibility.	<div>3. Key object filing (property, tenancy, home owner and contact)</div> <div>4. Generating ad-hoc letters and process driven letters</div> <div>5. Complaints (3 workflows)</div> <div>6. ASB (4 workflows )</div> <div>7. <u>Other Workflows (live)</u><ul style="list-style-type: none"><li>• Pathways to Work</li><li>• Welfare Reform Officers' Case Work</li><li>• Welfare Reform North</li><li>• Welfare Reform South</li><li>• Flexible Tenancies<ul style="list-style-type: none"><li>○ HMA - Intro Fixed Term Tenancy</li><li>○ HMA - 2 Year Fixed Term Tenancy</li><li>○ HMA - 5 Year Fixed Term Tenancy</li></ul></li><li>• Property Base Data Amendments</li><li>• Online Registration<ul style="list-style-type: none"><li>○ Resident Online HO</li><li>○ Resident Online RI</li><li>○ Resident Online Reminder</li></ul></li><li>• CAS Installation and Monitoring Processes<ul style="list-style-type: none"><li>○ CAS Installation</li><li>○ CAS Review</li><li>○ Maintenance Removal</li></ul></li><li>• Subject Access Requests</li></ul></div>				

Strategic objective	Current position	Actions	2016/17	2017/18	2018/19
	<ul style="list-style-type: none"> <li>○ Subject Access Requests - General</li> <li>○ Subject Access Requests - Rent Income</li> <li>• Tenancy Visits</li> <li>• Environmental Information Regulations</li> <li>• Freedom of information</li> <li>• Rent Refund Request</li> <li>• Service Charge Refund Request</li> <li>• Invoice Authorisation</li> <li>• Leaseholder Consultation               <ul style="list-style-type: none"> <li>○ Section 20 Consultation</li> <li>○ Section 20b</li> </ul> </li> <li>• Grounds Maintenance Inspection</li> <li>• Report/Fault Reporting</li> <li>• Mutual Exchanges</li> <li>• Right To Buy</li> <li>• Leaseholder Disputes</li> <li>• Fire Inspection Reports</li> <li>• Health &amp; Safety Inspection Reports</li> <li>• Asset Management property creation</li> </ul>				
<u>Reporting</u>	Over the last 12 months Hummingbird Business Intelligence (BI) was replaced with Capita Insight Version 2.0.0.8.	<ul style="list-style-type: none"> <li>• Continue developing management reports</li> <li>• Review Civica W2 reports and consider moving them into Capita Insight. Review Microsoft Dynamics Jet reports and consider moving them into Capita Insight</li> </ul>	E D D	E	E
<u>Customer Relationship Management</u>					



Strategic objective	Current position	Actions	2016/17	2017/18	2018/19
Customer Relationship Management (CRM) should be fully implemented to enable colleagues across the organisation an enhanced 360-degree view of customer information, taking into account all available and meaningful information about the customer thereby driving better engagement and customer experience, by combining data exploration, data governance, data access, data integration and analytics in a solution that harnesses the volume, velocity and variety.	Currently no CRM solution exists; however the board has recently agreed to the implementation of Microsoft CRM.	<ul style="list-style-type: none"> <li>Work with the Customer First project team and suppliers to implement Microsoft CRM, in line with business requirements, taking into account interfaces with core applications, intranet, internet, mobile working, remote access, social media, and customer portal</li> </ul>	E	E	E
<u>Workflow</u> Develop workflows to automate business processes where appropriate, making sure the solution is reliable, takes into account legislative requirements and is fully auditable. Develop reports in accordance with business requirements.	We have developed 38 workflows over the last two years using Civica W2. The workflows will now need to be re-created on Microsoft CRM as part of the CRM project. Users will continue using Live work flows on Civica W2 until Microsoft CRM work flows are ready.	<ul style="list-style-type: none"> <li>Complete workflows currently being developed on Civica W2</li> <li>Review and create workflows on Microsoft CRM (task to be included in the Customer First CRM project)</li> <li>Create database views for workflows on Microsoft SQL server</li> </ul>	E  E E	E	E

#### Operational Capability

Strategic objective	Current position	Actions	2016/17	2017/18	2018/19



Strategic objective	Current position	Actions	2016/17	2017/18	2018/19
ICT is critical for the effective operation of the TMO, and the delivery of the services it provides to customers. It is no longer just a support service; it has become a business critical service.	The ICT department maintains operational responsibility for development, systems maintenance and all ICT project related work alongside business projects.	<ul style="list-style-type: none"> <li>Review ICT Service Level agreement</li> <li>Review ICT call logging system SupportWorks</li> <li>Review training requirement for ICT staff</li> </ul>	E	E E	E E
The department need to flex and contract with the business needs and objectives, ensuring the continuing reliability of all systems.	ICT support is only available during core business hours. Tunstall provides out of hours cover for emergency repairs.		E	E	E
The ICT department need to be fully resourced and located appropriately to meet needs of the company, and be able to scale up with the use of short term contracts or permanent staff as required.	Provision and delivery of ICT services has been embraced in the following manner: <ul style="list-style-type: none"> <li>All support calls and requests are logged via the helpdesk and managed using SupportWorks.</li> <li>Definitive software library (DSL) is used to store all live applications.</li> <li>ICT disaster recovery plans are created and tested.</li> </ul>				
We will continue to invest in our staff, equipping them with the skills they need to enhance their technical ability so that they are able to deliver ICT services in accordance with the business expectations.					
The ICT systems and support services should be available to meet the existing and future needs of the business, ensuring that a streamlined, cost effective					

Strategic objective	Current position	Actions	2016/17	2017/18	2018/19
and reliable services is delivered, which is constantly aligned with business goals and objectives.					
<u>ICT Responsibility</u> The ICT department supports all the hardware, software, desktop, systems, network, servers, and telephone system.	Server and network infrastructure is managed and supported by ICT. 3 <sup>rd</sup> party contract exists to help deal with major issues and annual review of network hardware and configurations. ICT supports all the applications used by the TMO. The Systems team also create custom scripts in addition to vendor scripts and interfaces to enhance system experience. Support Desk team provides first line support to users and also manages desktops, printers, thin clients, laptops and mobile devices. They are also responsible for checking system processes in the morning.				

6. Implementation risks

The table below show high level risks associated with implementing the ICT strategy.

Likelihood (L)			Impact (I)			Risk Category (RC)					
Level	Description	Degree	Level	Description	Degree	Level	Impact				
1	Very Unlikely	Low	1	Minor	Low	Likelihood	1	2	3	4	5
2	Unlikely	Low	2	Disruptive	Low		2	4	6	8	10
3	Likely	Medium	3	Significant	Medium		3	6	9	12	15
4	Very Likely	High	4	Serious	High		4	8	12	16	20
5	Almost Certain	High	5	Major	High		5	10	15	20	25

Risk No.	Risk Identified	Existing Control Measures	Probability	Impact	Risk Rating
1	ICT strategy not fully aligned with the business plan corporate strategies	ICT strategy reviewed and approved by ET and SMT	2	4	8
2	Insufficient leadership and sponsorship to sustain the strategy	Regular meetings to monitor progress and to ensure objectives are met	2	4	8
3	Insufficient resources (financial and staffing) to deliver the strategy	Budget setting, Staff skills matrix, identify skills required and train staff or use contractors	2	3	6
4	Not having the correct skills in house to implement and manage the strategy	Identify the skills required, train staff or use external resources (3 <sup>rd</sup> party consultancy)	2	2	4
5	Reliance on key individuals	Ensure procedures are fully documented and kept up to date	2	3	6
6	Required progress is not made in implementing the strategy	Establish project team, identify key resources and business leads	2	4	8
7	Insufficient understanding of customer requirements	Requirements gathering and specifications documented and signed off by the sponsor	2	4	8
8	Inability of systems to be aligned to the current and future demands/needs of the business	Review and revise ICT strategy and annual objectives to ensure that ICT is aligned with business needs	2	4	8

## **7 ICT Planning process**

- 7.1 Linking each yearly phase of on-going ICT strategy development will be a comprehensive Service Plan, which will be closely linked to the corporate business and service plans. The overall aim of the annual service plan is to pull together all of the objectives, policies, standards and architecture considerations into a summary timeline of all of the required changes to be made, when they should happen, and any associated project interdependencies.
- 7.2 A seven step process of ongoing strategy review, development and implementation will be used as described below:
- **Step 1:** Identify Business Drivers – helps to identify specific business needs that are or should be driving ICT.
  - **Step 2:** Create/update ICT Vision – How can ICT help? This will identify the capabilities of ICT, in terms of process, infrastructure and organisation.
  - **Step 3:** Assess current Alignment – How does the current ICT capabilities compare to our required capabilities?
  - **Step 4:** Identify Alignment Gap – By comparing the current capability against the required capability should identify gaps causing the misalignment.
  - **Step 5:** Prioritise ICT Indicatives – By understanding the critical gaps in ICT capability, we can focus on the 'fixes' required to close the gaps in a cost-effective and business appropriate manner.
  - **Step 7:** Create Migration Plan – This will create an appropriate migration plan for the ICT roadmap, steps, deliverables, responsibilities, and timing
- 7.3 **Adjust ICT Strategy** – This is a key step in ensuring the connection between changing business needs and the implementation of the ICT solutions. It is a continual process and must be undertaken to avoid the common pitfalls often associated with non-inclusive ICT strategy development and implementation.

## 8 APPENDICES

### 8.1 Appendix A – Glossary

ADSL	- Asymmetric Digital Subscriber Line, use for data transmission over copper telephone lines
Citrix	- Allows users to remotely connect to applications installed on remote servers
Cloud	- A 3rd party hosted system or service accessed over the Internet instead of local computer's hard drive
CRM	- Customer Relationship management, a system which helps in profiling customers, understanding their needs, and building relationships with them by providing the most suitable customer service.
CSA	- Customer service agent
DR	- Disaster recovery, having processes and plans in place to be able to recover from a disaster situation
Digital phone system	- A telephone system that transmits audio, video, and text data simultaneously across the world, through the use of end-to-end digital connectivity.
EES	- Ethernet Extension Services, data link used to connect TMO offices
EDMS	- Electronic Document Management System, is used to electronically index and store documents against a contact or a property
FTP	- File Transfer Protocol, used to transfer computer files from one host to another
ESA	- Estate services assistant
Integrated ICT Systems	- Bringing together the component subsystems into one system and ensuring that the subsystems function together.
ISDN	- Integrated Services Digital Network, is a digital phone connection which allows voice and data to be transmitted simultaneously
Mobile App	- Mobile application, allows colleagues to access systems on the move that assist day to day processes
Penetration Testing	- Testing to verify that external network security perimeters are secure and prevent security attacks/breaches from external sources
PFH	- Procurement for housing, a 3rd party organisation used to help with procurements
Point to point connections	- Used to directly connect together sites, using a dedicated fibre optic cable
Portal	- Contractor portal used to allow sub-contractors secure access to TMO systems
PSTN	- Public Switched Telephone System, used to dial up any phone number for voice or data communications over ordinary telephone lines
SLA	- Service Level Agreement, a contract between a customer and the vendor of a system(s) to provide a range of support services to an agreed minimum standard
SSL-VPN	- Secure Sockets layer Virtual Private Network, used to securely connect to TMO network using standard Web browser

Terminal Servers

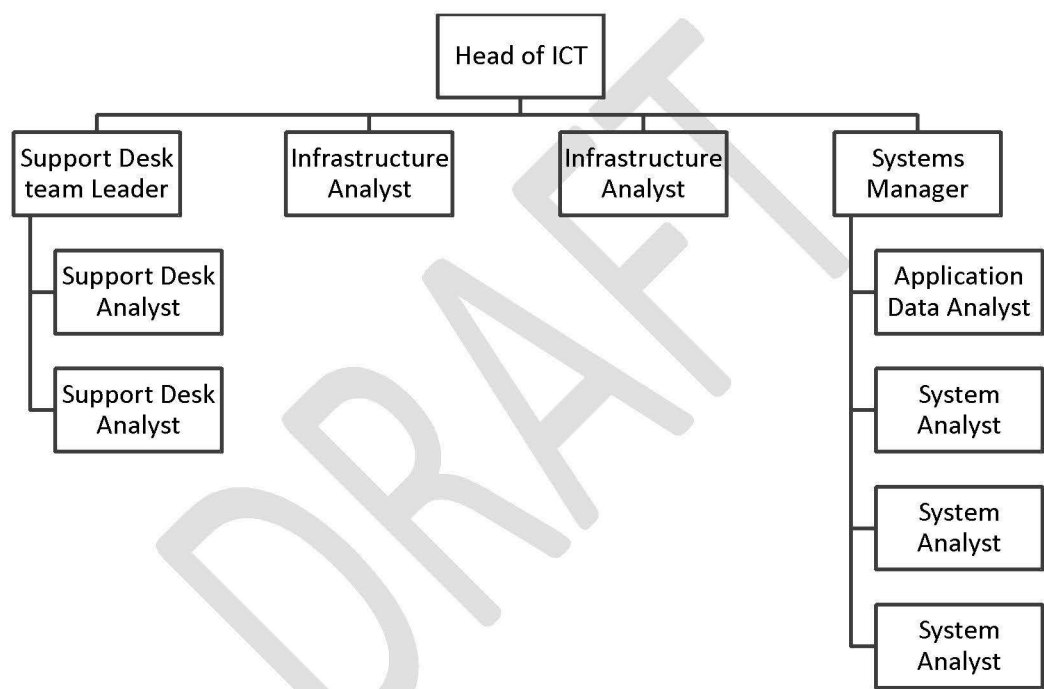
Thin Clients

Virtual servers

VOIP

- Allows multiple users to connect to the server to access applications
- Are devices that have minimal functionality and allows users to establish a connection to a terminal server
- A server that runs a dedicated operating system on shared physical hardware resources
- Voice Over Internet protocol, technology used to transmit voice conversations over a data network using internet protocol

8.2 Appendix B – ICT Organisational Chart





#### 8.2.1 Introduction to the ICT department

The ICT department consists of three teams and they are as follows:

- Support Desk
- Applications Team
- Infrastructure Team

The three groups are based in the Network Hub office. The Support Desk provides onsite support to all TMO office on an as required basis. The applications and infrastructure teams provide 2<sup>nd</sup> and 3<sup>rd</sup> line support to assist with resolving more complex queries, system maintenance and implementing new projects and upgrades. An organisational chart for the ICT team is included in the Appendices in section 11 at Appendix B.

The ICT department provides systems and support services during core business hours, Monday – Friday 8am to 5:30 pm. ICT support is not available outside core business hours. All systems (with the exception of Capita Housing) are generally available 24/7, except where planned changes and upgrades are scheduled.

The ICT Department manages and supports all the business systems, the server infrastructure and the network infrastructure. They perform operational duties, respond to issues and incidents and also get involved with projects.



## 8.3 Appendix C: TMO and repairs Direct Systems and Network infrastructure

### 8.3.1 Backup

TMO has invested in numerous technologies to safeguard its valuable data, and to ensure system availability. These include a combination of the following:

- periodic and rotational system backups of critical data using an Enterprise backup solution
- Virtual machine backup for applications running off VMs
- Virtual Machine replicas replicated to a secondary site (Blantyre) for redundancy
- Real-time replication of SQL database server to passive hot replacement server on remote site

The configuration and policy details are provided in the Disaster Recovery and backup documentations.

Core systems are tested annually by ICT staff and business users, and we will continue to strengthen disaster recovery procedures, underpinned by regular testing, and ensure documentation is kept up-to-date.

### 8.3.2 Network

TMO has 4 main sites and 22 satellite offices. The Wide Area network (WAN) is used for data, and voice. The network is triangulated between Network Hub, Kensington High Street and Blantyre offices. The core servers are hosted at the Network Hub site, and the disaster recovery servers are based at the Blantyre office.

Current network topology is resilient as each site includes two point to point connections. If one of the connections was to fail the sites will be re-routed using the second connection.

346 Kensington High Street, Network Hub, and Blantyre are on the WAN for data and internal voice traffic, external voice traffic is deployed over VOIP. Additional ISDN 2 is also used to provide failover for CAS calls only (based at 346 Kensington High Street).

Satellite offices are on the WAN for data traffic only. Voice is deployed over a single SPTN phone line.

All main sites including The Town Hall connect via a 100MB link to Network Hub. Satellite offices connect via ADSL or fibre to the Network Hub. The current network topology is included in the Appendices in section 11 at Appendix D.

### 8.3.3. TMO and Repairs Direct Systems

#### TMO Corporate Systems

- Microsoft Dynamics Great Plains (MS Dynamics GP) - The Finance team use MS Dynamics GP for all TMO group accounting. All of the financial tasks in relation to both the TMO and RD are carried out on MS Dynamics GP including processing invoices received, completing payment runs, billing customers, recording payments

received, creating Direct Debit collections, reconciling bank accounts, maintaining the fixed assets register and posting journals within the general ledger.

- HR Select - Used by the HR team to manage employee lifecycle, such as recruitment, leave, staff development and training needs.
- Support Works - ICT helpdesk system used to manage support calls and hold useful information electronically.

#### Repairs Direct Systems

- Capita Open Contractor - The system is used to manage contractor functions. The system is configured to handle works tickets, job costing, stock control, electronic data interchange with Capita Housing and Travis Perkins IT system (Repairs Direct key materials supplier), fleet management, and a web portal for sub-contractors.
- Total Mobile - Used as a mobile operational management solution to process repairs and complete inspections of properties, without having to duplicate administrative tasks or return to the office.
- Quartex - Web based vehicle tracking system used to manage the Repairs Direct fleet of vehicles. Authorised users are able to view live and historic data relating to each vehicle.
- DRS (formerly known as OptiTime) - The DRS system is integrated with Capita Housing, Open Contractor and Total Mobile to provide seamless handling of repair calls, with real-time dispatch and conflict resolution throughout the day.

#### Housing Revenue Account (HRA) Systems (applications used to manage transactions on behalf of RBKC HRA)

- Capita Housing - This is our primary housing management system, used for managing tenancy details, rents, arrears, logging repairs and invoicing. Alongside this, several other systems provide support to the main Capita Housing system:
  - ADE – Provides letter merging and batch printing functionality
  - Uptop – Provides functionality for emailing repairs works orders to contractors
  - Bank Wizard – Provides account detail verification when creating direct debits
- Oracle Housing - Old housing system which is used by colleagues to view historic information. The system is set to 'read only'.
- Omfax - Key fax - Dynamic repair diagnostic tool used by customer service agents (CSAs) to diagnose a fault at the point of logging a repair.
- Keystone - Asset management software used to manage, planned maintenance, asbestos, equipment servicing and inspection management, risk management, and

component accounting. Keystone kiosk is also used to provide read-only access to front line staff and 3rd party contractors.

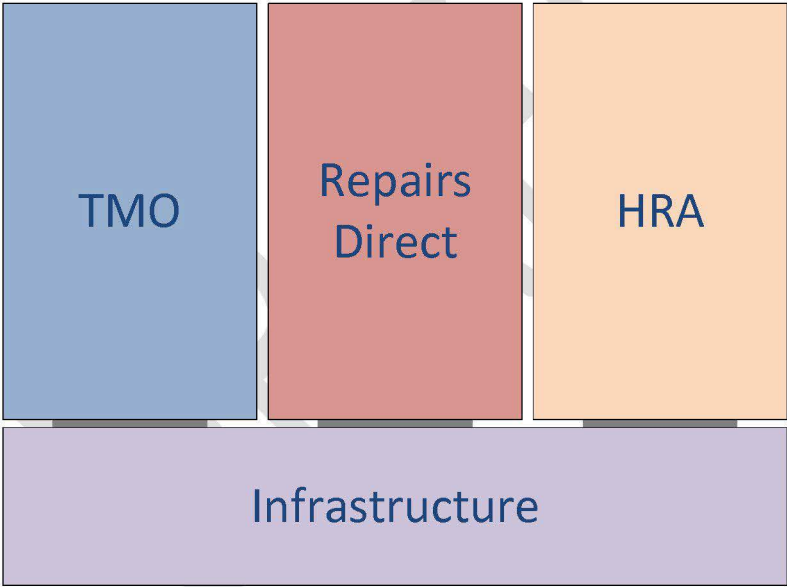
- Civica W2 - W2 is an electronic Document Management System which is used by the organisation to electronically store documents in a central location. Workflows are used to create, capture and manage information while ensuring that process targets are met.
- SeeMyData - Online portal for residents: Tenants and leaseholders can view their rent account online in the same format as the Rent Statement, including sub accounts and all communications. They can also report repairs, and view their progress.
- 4Project - A cloud based system which is used by the Asset Management team to manage complex projects. The system provides a secure environment for managing and sharing documents with 3rd party suppliers and contractors.
- Insight - Organisation-wide reporting tool which is used to manage operational and KPI reports.

#### RBKC systems and interfaces

- Colleagues use:
  - Citrix to log onto RBKC's Open Revenue finance system for transaction information
  - Paris Browser – RBKC's online payment system to collect money
- ICT send and receive interface files via FTP to and from RBKC using the data link between the two organisations.

# Business Systems by Company

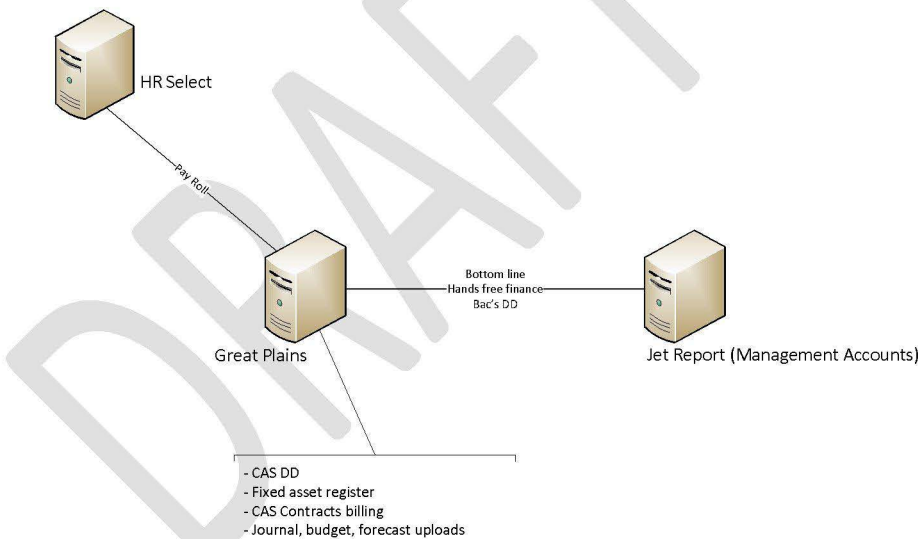
Version 3.0



Date : 22/06/2015

# TMO Systems

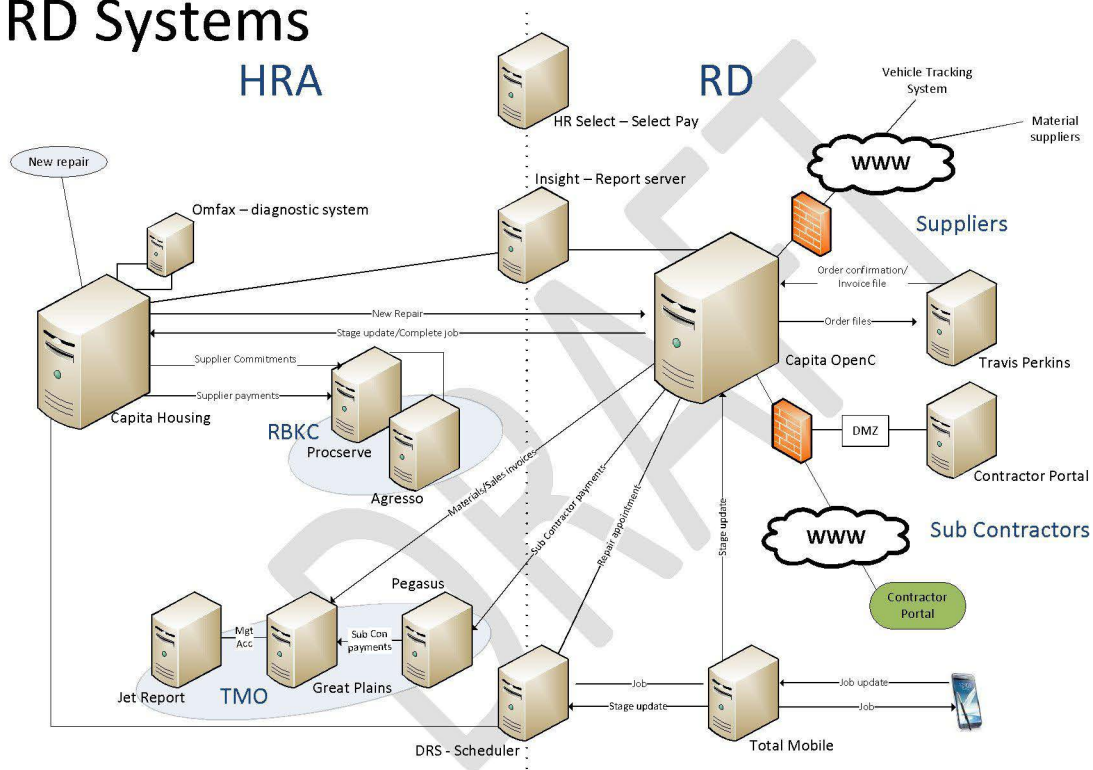
## KCTMO



# RD Systems

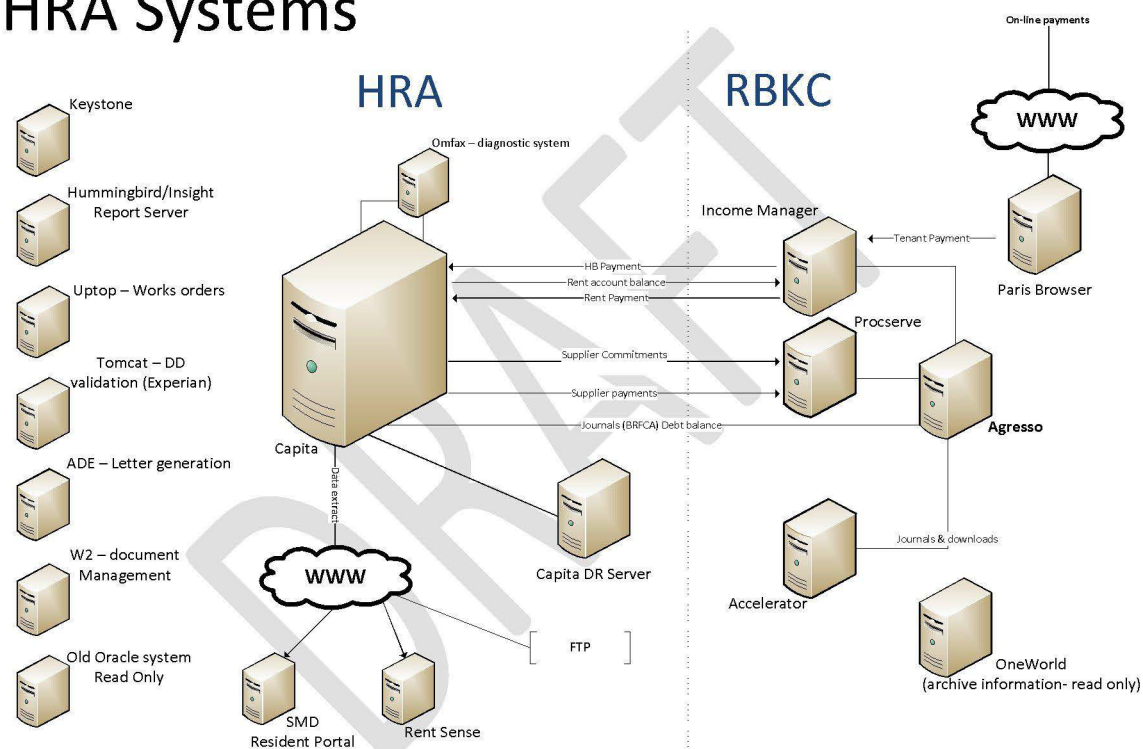
HRA

RD





# HRA Systems





# Infrastructure Systems

The diagram illustrates the Infrastructure Systems architecture, divided into Virtual Infrastructure and Physical Infrastructure layers. The Virtual Infrastructure layer includes a globe icon and a server rack icon, with the URL [nh-vc01.kctmo.org.uk](http://nh-vc01.kctmo.org.uk) below it. The Physical Infrastructure layer includes a server rack icon and the label KCTMO. Both layers are connected to a central network hub (Live) and two data centers (Blantyre Centre (DR) and Network Hub (Live)). The Network Hub (Live) is connected to the Physical Infrastructure layer. The Blantyre Centre (DR) is connected to the Network Hub (Live). The Network Hub (Live) is connected to the Physical Infrastructure layer. The Physical Infrastructure layer is connected to the Network Hub (Live). The Physical Infrastructure layer is connected to the Network Hub (Live).

**Virtual Infrastructure**

[nh-vc01.kctmo.org.uk](http://nh-vc01.kctmo.org.uk)

**Physical Infrastructure**

**KCTMO**

**Blantyre Centre (DR)**

**Network Hub (Live)**

**Blantyre Centre (DR)**

**Network Hub (Live)**

**• DR (Switch Off)**

- Mail Marshal
- Web Marshal
- ISA Server
- File Server
- Print Server
- AD
- FTP Server
- Mtel Server
- Call Recorder
- Call logger
- Intranet
- EMDS(W2)
- ISP
- GP(Dynamics)
- ISA (Firewall)

**• Keystone, Capital**

- Collaboration
- 2Factor Authentication
- Load Balancing
- BI Servers
- Email Archiving
- Customer Contact Centre Server
- Academy IIS Server
- File Server (T: S: Drive)
- File Server TS Profile
- Digital Storage Library
- Fax Server
- Terminal Server
- HR Select Server
- Oracle Server
- VMware Virtual Centre
- Share Point Foundation

**• Mail Marshal**

- Web Marshal
- ISA Server
- File Server
- Print Server
- AD
- FTP Server
- Mtel Server
- Call Recorder
- Call logger
- Intranet
- EMDS(W2)
- ISP
- GP(Dynamics)
- ISA (Firewall)

**• 2Factor Authentication**

- Load Balancing
- BI Servers
- Email Archiving
- Customer Contact Centre Server
- Academy IIS Server
- File Server (T: S: Drive)
- File Server TS Profile
- Digital Storage Library
- Fax Server
- Terminal Server
- HR Select Server
- Oracle Server
- Mobile Active Sync Service
- VMware Virtual Centre
- Share Point Foundation

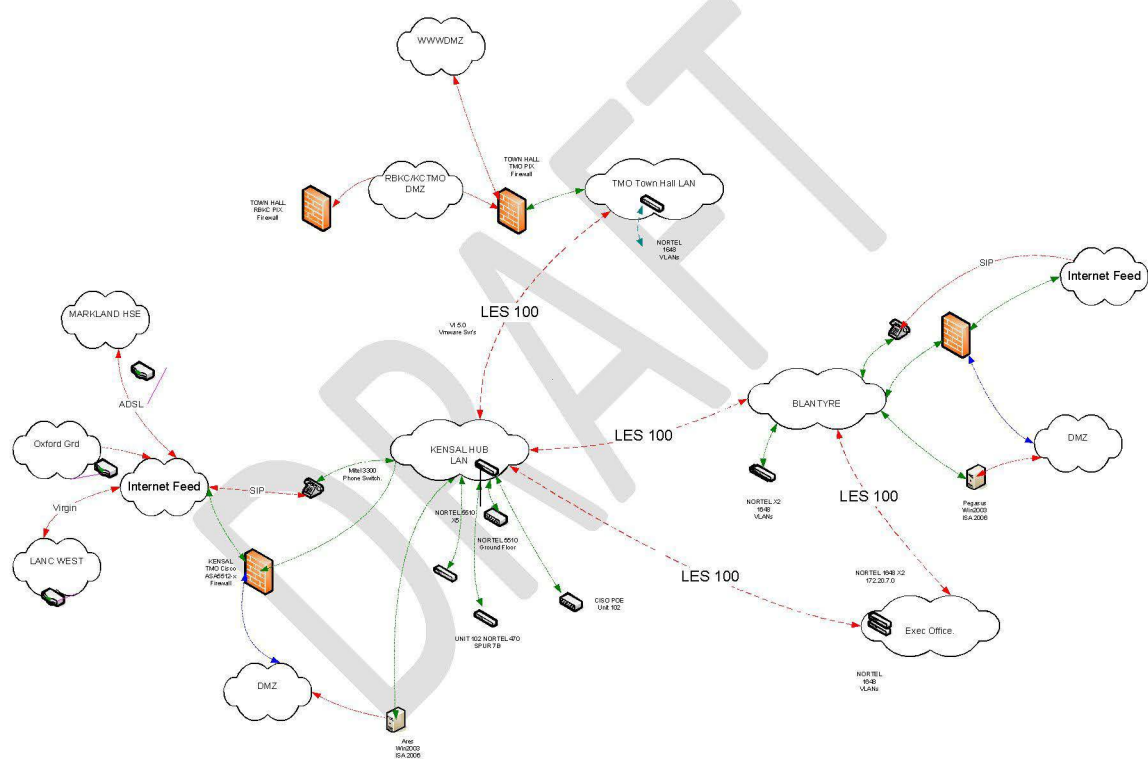
**• DR - Exchange Server**

- Terminal servers (cluster)
- ISA Server
- DR - MS SQL Server (passive)
- DR UNIX - Academy Housing server
- DR ESX Servers (x)
- Contractor Terminal Server (DMZ)
- Veeam Virtual Replication & Backup Server
- VMware ESX Hosts VS.1

**• Exchange Server**

- Terminal servers (cluster)
- ISA Server
- MS SQL Server
- UNIX - Academy Housing server
- ESX Servers (x)
- Backup Server Backup Exec
- Veeam Virtual Replication & Backup Server
- VMware ESX Hosts VS.1

## 8.5 Appendix E – TMO Current Network Topology



- Blank page -

DRAFT

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

<b>Open</b>	
<b>For Discussion</b>	
<b>Board Report 26 May 2016</b>	
<b>Report title:</b>	Business Plan 2014-2017 Delivery Plans Update
<b>Authority for decision:</b>	The Board is responsible for setting the strategic direction of the TMO
<b>Recommendations:</b>	t It is recommended that the Board consider the contents of this report and upon due consideration, note the report.
<b>Regulatory/legal requirements:</b>	The Board owes the duty to promote the success of the TMO by setting a business plan that provides a strategic direction for the TMO.
<b>Business Plan link:</b>	This paper applies to the Business Plan.
<b>Equality Impact Assessment/comment:</b>	There are no equality implications.
<b>Resource implications/VFM statement:</b>	This is within existing resources.
<b>Risk:</b>	If the Delivery Plans are not monitored, they may not achieve their strategic objectives and the organisation will lack a strategic direction which will limit or inhibit its future success.
<b>Appendices:</b>	1
<b>Total number of pages including appendices:</b>	
<b>Name, position and contact details of author:</b>	Janet Seward Policy Adviser <div style="background-color: black; width: 100px; height: 1.2em; margin-top: 2px;"></div>

## Purpose

The Business Plan's Delivery Plans set out the strategic objective to achieve the Business Plan objectives.

### 1 Introduction

- 1.1 The current Business Plan 2014 – 2017 was agreed by the Board on 24<sup>th</sup> July 2014. The Business Plan's Mission – Delivering excellent services through resident led management – is underpinned by five strategic priorities which need to be achieved to deliver the mission:
- Customers at the heart
  - Fantastic people work here
  - Invest to make great homes and communities
  - Deliver excellent good value services
  - Grow our scale and scope.
- 1.2 The Business Plan identifies the five strategies to be developed to ensure that the mission is delivered. They were agreed by the Board on 21<sup>st</sup> May 2015 and are:
- Customer Strategy
  - People Strategy
  - Investment Strategy
  - Value for Money Strategy
  - Growth Strategy
- 1.3 Each strategy has a delivery plan with actions and milestones for the three years of the Business Plan.

### 2 The Up-date

- 2.1 The first up-date on the strategies was brought to Board on 26 November 2015. This current up-date covers the period to the end of the financial year 2015-16. Listed below are the highlights but progress of each delivery plan is in Appendix 1 attached.
- 2.2 **Customer Service Strategy** – aimed at delivering excellent service to our customers.
- 2.2.1 **Ensuring that service delivery is excellent**  
The TMO needs to know its customers to give a good service. In order to achieve this short questionnaire will be delivered to tenants so that they can up-date the TMO on their circumstances.
- In addition, the TMO is currently recruiting for the Consumer Panel who will be consulted on a range of TMO services.

- 2.2.2 Providing a variety of access methods to suit customer needs**  
Works to the Lancaster West office are in the early stages of tendering. All other receptions have been renovated.

- 2.2.3 Using technology to deliver joined up services**  
The implementation of CRM (the TMO's Customer Relationship Management system) will be a major step towards delivering excellent services to our customers. The system will act as a central log for all customer enquiries. The implementation of this system will continue into this financial year with the rollout of Phase One in May and Phase Two in August.

- 2.3 People Strategy** - ensuring that the right people with the right behaviours, attitudes and skills are employed at the TMO to ensure successful service delivery now and in the future.

**2.3.1 Developing our culture**

There has been wide staff consultation on the TMO Values and a poster campaign. ET, SMT and Managers' Forum have been reviewing the accompanying Behaviours based on staff feedback.

A leadership programme is being launched to ensure that future managers have the right values and attitude to give the best service to customers. The programme will be held in one of our newly refurbished community centres.

**2.3.2 Developing our Customer Focus**

All staff have attended customer focus training and a staff-wide roll out of training on the new CRM system is currently being arranged.

**2.3.3 Increasing employee engagement**

Following on from a Best Companies survey return rate of 84%, The TMO is focusing on ensuring that employees are fully engaged through the staff conference and that they have access to the Executive Team. Staff are currently being invited to meet the Chief Executive. This year there was a great emphasis in ensuring all staff end of year reviews were completed on time. The planning for the 2017 staff conference is underway and will feature Best Companies and will incorporate a *Working Together* theme which is one of the TMO values.

**2.3.4 Developing our employer brand and becoming an employer of choice**

The new pay and grading was explained to all staff and implemented. All employees have been sent a letter clarifying the benefits package that they receive.

### 2.3.5 Internal communications

Staff awards at the staff conference will be based on the TMO Values to further underline their importance. ET updates are now sent to all staff and the In-house fortnightly newsletter is being reviewed.

### 2.4 Community Investment Delivery Plan – The strategy sets out the TMO's approach to community investment which aims to add value to communities by supporting residents to deliver the changes they want to see in their neighbourhoods.

#### 2.4.1 Employment, skills and training

The TMO is continuing with its annual road shows organised by the Resident Engagement Team. This year the theme is *TMO Live*. The TMO continues to work with Repairs Direct and its framework contractors, Keepmoat and Wates, to provide job opportunities and training.

#### 2.4.2 Financial and social inclusion

The roll-out of Universal Credit has started in the borough. It is expected that it will take until 2020 for the change-over to be complete. The welfare officers have regular meetings with RBKC to monitor the situation.

The Credit Union continues to help residents and is housed in the TMO's offices.

The *TMO Live* road shows will offer health and well being tips and taster sessions, an opportunity to discuss training or look for jobs and money saving information.

#### 2.4.3 Environment and community improvements

Four more community centres have been decorated. The TMO has also continued to improve community spaces such as the playground at Holmfield House and the introduction of gym machinery on the Thomas More Estate.

### 2.5 Growth Strategy Delivery Plan – The strategy sets out how the TMO intends to grow the business across the full range of services to generate revenue and capital that adds value and quality to current customer services, and produces additional income which could be reinvested to further enhance services. The delivery plan sets-out objectives to achieve this:

#### 2.5.1 Regeneration and development with RBKC

The TMO has undertaken a large and prestigious project at Grenfell House as well as developing more hidden homes.



### 2.5.2 **Asset investment**

The TMO's *FUTUREFIT* programme is published on the TMO's website. Options for capital investment for 2017/18 and beyond are being considered in the context of potential funding changes.

### 2.5.3 **Developing new services**

Repairs Direct is planning to offer repairs services to leaseholders in Quarter 4.

### 2.5.4 **Expanding membership services**

The TMO continue to increase the membership as a corporate initiative. Perkz, an on-line benefits scheme that works with UK retailers has been trialled with members this year but has had a low take-up.

### 2.5.5 **Opportunistic Growth**

The Resident Engagement Team are currently negotiating opportunities to deliver additional resident engagement services in the south of the borough.

## 2.6 **Value for Money Strategy** – The strategy sets out how the TMO intends to grow the business across the full range of services to generate revenue and capital that adds value and quality to current customer services, and produces additional income which could be reinvested to further enhance services. The delivery plan sets-out objectives to achieve this:

### 2.6.1 **Understanding costs and comparing with others**

A peer group has been selected and will produce an analysis in Quarter 3.

### 2.6.2 **Achieve VFM through effective procurement**

A procurement manager is now in post to lead this work..

### 2.6.3 **Efficiency in service delivery**

The Customer Relationship Management system is anticipated to go live in late May

### 2.6.4 **Promote and embed VFM culture**

The Senior Management Team looked at cost savings and VFM with regard to the 2016-17 budget setting and have initiated service reviews across the group to support the 2017/18 budget process

## 3 **Recommendations**

### 3.1 The Board is asked to consider the recommendations on the front of this report.

**The Delivery Plans**

<b>Delivery Plan</b>	<b>Page number</b>
<b>1. Customer Strategy Delivery Plan 2014-17</b>	<b>2</b>
<b>2. People Strategy Delivery Plan 2014-17</b>	<b>8</b>
<b>3. Community Investment Delivery Plan 2014-17</b>	<b>13</b>
<b>4. Growth Strategy Delivery Plan 2014-17</b>	<b>17</b>
<b>5. Value for Money Strategy Delivery Plan</b>	<b>21</b>

## 1. Customer Strategy Delivery Plan 2014-17

Strategic objectives	Actions	Milestones 2015-16	Up-date
Ensuring that service delivery is excellent	<ul style="list-style-type: none"> <li>Complete programme of tenancy audits</li> <li>Set up Consumer Panel</li> </ul>	<ul style="list-style-type: none"> <li>25% of tenancy audits complete</li> <li>90% of age and ethnicity profile complete</li> <li>Consumer Panel operating</li> </ul>	<p>As at 31 March 2016, 949 tenancy audits have been attempted. Of those, 735 have been completed and, in the case of 718 of these, it was confirmed that the right tenant was living in the property. Six properties have been recovered and further enquiries are continuing with 58 tenancies. Neighbourhood staff will continue to complete tenancy audits as part of their routine visits.</p> <p>A Tenancy Profiling Administrator has now been appointed to provide support to the Tenant Profiling Project by preparing and posting out questionnaires to tenants, inputting the data returned and following up with letter, email and telephone reminders.</p> <p>At year end, 98% age and 74% ethnicity information has been obtained. The Tenancy Profiling Project will ensure the continued update of this information</p> <p>The Resident Engagement Team is currently recruiting for the Consumer Panel by advertising in the Link. The aim is to establish a representative panel of about 300 residents who will be consulted on a range of TMO services including phone or email surveys, attending focus groups and</p>

Strategic objectives	Actions	Milestones 2015-16	Up-date
			participating in mystery shopping exercises. So far, 150 residents have been recruited.
	<ul style="list-style-type: none"> <li>Undertake mystery shopping</li> <li>Develop a programme of customer satisfaction surveys</li> </ul>	<ul style="list-style-type: none"> <li>Achieve 10% customer satisfaction surveys for key service areas</li> </ul>	<p>See above</p> <p>Satisfaction Surveys are ongoing for Cleaning and Grounds maintenance and are reported in the monthly performance indicators with satisfaction exceeding targets in both these areas at year end.</p> <p>Satisfaction Surveys have been started by the Customer Call Centre where there is an option to complete a satisfaction survey at the end of the call.</p> <p>Satisfaction surveys have been introduced on closure of Neighbourhood Support Officer cases to measure customer satisfaction.</p> <p>Customer satisfaction surveys are being incorporated into workflow processes.</p>
	<ul style="list-style-type: none"> <li>Undertake customer insight work</li> <li>Develop framework for learning from feedback</li> </ul>	<ul style="list-style-type: none"> <li>Commence tenant profiling.</li> </ul>	<p>Customer profiling information from the Tenant Profiling Project will be fed into CRM (Customer Relationship Management) to enable the TMO to gain customer insight, for example, the type and volume of repairs ordered, types of anti social behaviour (ASB) related to particular estates or groups displaying difficulty in making rent payments.</p>

Strategic objectives	Actions	Milestones 2015-16	Up-date
			<ul style="list-style-type: none"> <li>KCTMO Supporting You was set up to help vulnerable TMO residents in temporary or permanent accommodation when they move home or to sustain their tenancy.</li> </ul>
	<ul style="list-style-type: none"> <li>Grow our CAS service</li> </ul>	<ul style="list-style-type: none"> <li>10% increase in CAS users</li> </ul>	The focus has now shifted to negotiating with RBKC to protect the £300k grant that the TMO receive from them against Tri-borough plans.
	<ul style="list-style-type: none"> <li>Create a customer focused culture</li> </ul>	<ul style="list-style-type: none"> <li>Create CRM</li> <li>Use up-to-date information from tenant profiling.</li> <li>Appoint two neighbourhood support roles.</li> </ul>	<ul style="list-style-type: none"> <li>CRM set-up and due to go live on 25<sup>th</sup> May.</li> <li>The Neighbourhood support service went live in June 2015. Two officers were recruited (one for the north and one for the south). Case numbers and outcomes are reported as part of the Neighbourhood Services report to the Operations Committee.</li> </ul>
	<ul style="list-style-type: none"> <li>Undertake staff training development and support</li> </ul>	<ul style="list-style-type: none"> <li>Roll-out of leadership and development programme</li> </ul>	See People Strategy page 8

Strategic objectives	Actions	Milestones 2015-16	Up-date
	<ul style="list-style-type: none"> <li>Consultation and communication</li> </ul>	<ul style="list-style-type: none"> <li>Roll-out of customer service training</li> </ul> <p>Review internal communication.</p>	<p>Ongoing training is provided by the CSC training Officer. This focuses on improving quality and providing updates on improvements in processes. A detailed induction programme is provided for all new staff.</p> <p>A detailed training programme has been provided for the Neighbourhood Team including:</p> <ul style="list-style-type: none"> <li>ASB case management</li> <li>Domestic abuse</li> <li>Welfare reform &amp; rent income links</li> <li>Mental Health</li> <li>Hoarding</li> </ul> <ul style="list-style-type: none"> <li>Head of Communications has set-up the Communications Champions' Group to develop and enhance internal communications and be consulted on new initiatives e.g. the values campaign and staff survey action plan and strategy.</li> <li><i>Link</i> has been reviewed and improved. A <i>Link</i> reader survey was carried out at the 2015 residents' conference; the strategy is for incremental improvements.</li> <li>New estate name signs at Lancaster West and Chelsea Manor Court to clearly identify blocks.</li> <li>Audit of communal estate notice boards in the north and the production of a template on</li> </ul>

Strategic objectives	Actions	Milestones 2015-16	Up-date
			board layout for ESA guidance which will be rolled out throughout the borough. This will make information clearer for residents. .
	<ul style="list-style-type: none"> <li>Measure key service performance indicators</li> </ul>	<ul style="list-style-type: none"> <li>Achieve KPI targets for 2015-16 and review targets for 2016-17</li> </ul>	<ul style="list-style-type: none"> <li>Performance shows some positive year end outcomes for the TMO's operational PIs; in particular, top quartile performance was achieved for average void re-let, void loss, current tenant rent collection, service charge collection and gas compliancy. Year on year improvements were also seen for the Repairs Direct headline PIs and call answering by the Contact Centre. During the year we also signed up 500 new TMO members, exceeding our annual target of 450.</li> </ul>
Providing a variety of access methods to suit customers needs	<ul style="list-style-type: none"> <li>Review of reception areas at office locations</li> <li>Continued development of online self-service</li> </ul>	<ul style="list-style-type: none"> <li>Review options for self-service reporting repairs</li> </ul>	<ul style="list-style-type: none"> <li>Blantyre office reception has been remodelled successfully, increasing security and adding a further four desks in the office area which will include accommodation for the Neighbourhood Support Officers.</li> <li>We are currently in the early stages of tendering for improvements works at the Lancaster West office to ensure the reception area is accessible.</li> <li>The self-service offering to customers will be reviewed at the end of the Customer First project. Scoping for self-service reporting repairs and implementing reporting repairs will be completed in 2016-17.</li> </ul>



Strategic objectives	Actions	Milestones 2015-16	Up-date
	<ul style="list-style-type: none"> <li>Development of text messaging services.</li> <li>Development of mobile services</li> </ul>	<ul style="list-style-type: none"> <li>Review and update of the website</li> <li>Expansion of the support service roles.</li> </ul>	<ul style="list-style-type: none"> <li>Head of Communications is developing a revised business case for the website and intranet. Project Manager to be appointed.</li> <li>Text messaging to all staff is being used for Business Continuity purposes.</li> </ul> <p>CRM is being developed with mobile platforms so that it can be viewed on iPad and accessed through the website.</p>
Using technology to deliver joined up services	<ul style="list-style-type: none"> <li>Use of CRM</li> <li>Knowledge engine developed</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of phase 1 of CRM</li> <li>Complete knowledge engine</li> </ul>	<ul style="list-style-type: none"> <li>The TMO is nearing completion of Phase One of the CRM implementation. From the 25 May 2016, all general enquiries will be logged on CRM with actions tasked to individuals across the organisations. CRM will log and track all enquires and store information in one central location.</li> <li>The development of a knowledge engine is part of the CRM development. A template has been developed for staff across the organisation to share knowledge and information on specific service areas including process, procedure and leaflets. The information will be uploaded onto SharePoint and will be accessible via the CRM system to improve the quality of information provide to our customers.</li> </ul>

Strategic objectives	Actions	Milestones 2015-16	Up-date
	<ul style="list-style-type: none"> <li>Mobile working</li> </ul>	<ul style="list-style-type: none"> <li>Introduce mobile devices for customer facing staff</li> </ul>	<ul style="list-style-type: none"> <li>All ESAs are using mobile devices.</li> </ul>

## 2 People Strategy Delivery Plan 2014–17

Strategic Objectives	Actions	Milestones 2015-16	Up-date
Developing our culture	<ul style="list-style-type: none"> <li>Create initiatives to engage staff through conversations, focus groups etc.</li> <li>Refresh our values and behaviours through</li> </ul>	<ul style="list-style-type: none"> <li>Learning circles set up</li> <li>Values refreshed and embedded by November</li> </ul>	<ul style="list-style-type: none"> <li>A learning circle was established for the cleaning contract review. Stakeholder review groups were established to look at workflows and consider improvements based on best practice. They looked into complaints, ASB, the Neighbourhood support service and DV. Other learning circles are under review.</li> <li>Values and supporting statements were displayed in main offices by the end of</li> </ul>

Strategic Objectives	Actions	Milestones 2015-16	Up-date
	engagement with all stakeholders	2015	2015-16. <ul style="list-style-type: none"> <li>The values have been used to assess staff at their end of year Performance Development Reviews (PDRS).</li> <li>The values will be further reinforced during 2016-17 starting with the introduction of branded mugs for staff.</li> </ul>
	<ul style="list-style-type: none"> <li>Embed the business plan and strategies</li> </ul>	<ul style="list-style-type: none"> <li>Briefings for all staff held. Communications developed</li> </ul>	<ul style="list-style-type: none"> <li>Two ET briefings have been held to explain and discuss the business plan. It is also regularly mentioned in the house fortnightly magazine <i>Insider News</i>.</li> <li>Further information updates are planned for 2016-17.</li> </ul>
	<ul style="list-style-type: none"> <li>Implement leadership programmes</li> </ul>	<ul style="list-style-type: none"> <li>Leadership programme developed and start to roll out in Q4</li> </ul>	<ul style="list-style-type: none"> <li>The Leadership programme has now been launched and will run through 16/17 and 17/18. The model will continue linking Belbin and core management skills.</li> </ul>
Developing our Customer Focus	<ul style="list-style-type: none"> <li>Further develop our customer focused personal training</li> <li>Participate in Best Companies.</li> </ul>	<ul style="list-style-type: none"> <li>All staff to have attended all three modules of customer focused training</li> <li>Complete Best Companies survey.</li> </ul>	<ul style="list-style-type: none"> <li>Module 3 has been reconfigured to be delivered to teams in order to review team working and dynamics. Modules 1 &amp; 2 are now one module.</li> <li>Best Companies survey completed with 84% return. Since then, we have conducted an all managers meeting on 31 March to address the feedback and commence the</li> </ul>

Strategic Objectives	Actions	Milestones 2015-16	Up-date
	<ul style="list-style-type: none"> <li>Job shadowing</li> </ul>	<ul style="list-style-type: none"> <li>HR Team to keep records and measure activities.</li> </ul>	<p>action planning process. We are in the process of working with Best Companies to deliver a workshop to enhance our managers' skills I staff engagement.</p> <ul style="list-style-type: none"> <li>Reviewing recent activity during 15/16 to analyse success with regard to transfers, promotion or improved performance in current role. A framework has been created and now forms part of the training portfolio. This will be in addition to supporting the workforce and succession planning.</li> <li>Job shadowing opportunities have taken place across the organisation. A number of secondment positions have been created over the year including Head of Neighbourhood Services and Estate Services Team Leader positions and a rent income position enabling staff to develop additional skills.</li> <li>There have also been a number of internal promotions to positions in the Environmental services Team.</li> </ul>
	<ul style="list-style-type: none"> <li>Executive Team (ET) to attend team</li> </ul>		<ul style="list-style-type: none"> <li>Members of the Executive Team (ET) undertook to visit staff in various teams.</li> </ul>

Strategic Objectives	Actions	Milestones 2015-16	Up-date
	<p>meetings</p> <ul style="list-style-type: none"> <li>Staff conference</li> </ul>	<ul style="list-style-type: none"> <li>Will be held in June to focus on customers</li> </ul>	<p>This has been extremely well received. ET will continue this initiative and rotate the teams which they visit and continue with different staff groups. The second groups of staff to meet ET members over the coming months have now been organised.</p> <ul style="list-style-type: none"> <li>The conference was a success attended by 183 staff. Staff gave the conference a rating of 8.4 out of 10, up from 8.2 for the 2014 conference. This is the third straight year of increased satisfaction, with 2013 recording 7.9.</li> <li>The 2016-17 conference has been booked to take place in July 2016 and will include all Repairs Direct staff as well as TMO staff.</li> </ul>
	<ul style="list-style-type: none"> <li>Standardise 1-to-1 process</li> <li>Increase Performance Development Review return</li> </ul>	<ul style="list-style-type: none"> <li>New 1-to-1 process rolled out by Q3</li> <li>80% completion of forms at year end</li> </ul>	<ul style="list-style-type: none"> <li>Completed review of 1-to-1 forms. Guidance and process agreed with SMT. Introduced in September to support mid-year reviews, to make them more robust and to aid performance related discussions.</li> <li>End of year Performance Development Reviews have been completed with a 95.6% return rate.</li> </ul>

Strategic Objectives	Actions	Milestones 2015-16	Up-date
Developing our employer brand and becoming an employer of choice	<ul style="list-style-type: none"> <li>• Staff new pay and grading review</li> <li>• Clarify the benefit package for staff</li> <li>• Create programmes to allow staff to engage with our communities</li> <li>• Apprenticeship/graduate programme considered</li> </ul>	<ul style="list-style-type: none"> <li>• Fully implemented by Q1</li> <li>• Clear benefit statement to all staff by Q3</li> <li>• Volunteering strategy revisited</li> <li>• Look at graduate trainee options</li> </ul>	<ul style="list-style-type: none"> <li>• Completed</li> <li>• Benefit statement sent to all staff during Q4.</li> <li>• Benchmarking has been carried out against other organisations to find best practice.</li> <li>• A business paper has been researched and drafted recommending an apprenticeship launch in 2017/18 and a graduate trainee option to be reviewed again in 2017/18.</li> </ul>
Internal communications	<ul style="list-style-type: none"> <li>• Review <i>Insider News</i></li> <li>• Review other methods of staff communication</li> <li>• Celebrate success</li> </ul>	<ul style="list-style-type: none"> <li>• Survey carried out by Q1</li> <li>• Review staff feedback</li> <li>• Rewards for staff</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Insider News</i> will be replaced by <i>Qwiic Word</i> in May. (QWIIC is a mnemonic for the TMO Values – Quality/Working Together/Integrity/Innovation/Commitment)</li> <li>• ET updates to all staff are circulated by email.</li> <li>• At the 2016 staff conference, QWIIC awards</li> </ul>

Strategic Objectives	Actions	Milestones 2015-16	Up-date
			will be presented to staff best demonstrating the TMO values.

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

Strategic objectives	Actions	Milestones 2015-16	Up-date
Employment, skills and training	<ul style="list-style-type: none"> <li>Develop roadshows focusing on employment and training</li> </ul>	<ul style="list-style-type: none"> <li>Hold two roadshows</li> </ul>	<ul style="list-style-type: none"> <li>Two Roadshows were held, one in June 2015 and one in February 2016. A new series of 2016/17 local roadshows have been arranged under the banner <i>TMO LIVE</i>.</li> </ul>



	<ul style="list-style-type: none"> <li>• Maintaining Gold Standard of the worklessness charter</li> <li>• Investigate apprenticeships</li> </ul>	<ul style="list-style-type: none"> <li>• Pathways to Work Gold Standard maintained</li> <li>• Apprentices recruited under framework agreement</li> </ul>	<ul style="list-style-type: none"> <li>• Pathways to Work Gold Standard maintained</li> <li>• As part of the added value element of the New Framework Contract, the contractors provide both training and employment opportunities. To date:   Keepmoat has provided a number of training opportunities throughout the year including asbestos awareness, conflict avoidance, first aid, fire marshall training, health &amp; safety and site management safety and equality &amp; diversity awareness.   The contractor has also offered a number of work placements including for under 16s, administrative roles and graduate posts. In addition, placements have been offered in the resident liaison team which has resulted in a local resident liaison officer being appointed. Wates has provided a number of training courses including asbestos awareness and safety awareness   The contractor has also offered a number of work placements for under sixteens, an apprentice trades persons and graduate trainees.   The contractors have a Social Value Plan to manage and monitor performance in this area</li> </ul>
--	--	--	---

			prioritising KCTMO residents but initiatives can include non-KCTMO residents.
	<ul style="list-style-type: none"> <li>Support work placements and work experience</li> </ul>	<ul style="list-style-type: none"> <li>Host at least two work experience placements</li> </ul>	<ul style="list-style-type: none"> <li>Repairs Direct has advertised for three 14-15 year olds looking for two weeks' work experience who are interested in a career in housing and maintenance.</li> <li>The recruitment drive for a bank of local people was put on hold at the end of 2015/16. It was necessary for the service to recruit staff with housing experience on fixed term contracts to help with the mobilisation of CRM. The plan to use local people to act as a contingency and support for the Customer Services Centre will be explored again in 2016/17.</li> </ul>
Financial and social inclusion	<ul style="list-style-type: none"> <li>Maximise income through welfare officers</li> </ul>	<ul style="list-style-type: none"> <li>Welfare officers begin preparing residents</li> </ul>	<ul style="list-style-type: none"> <li>Welfare Officers and Tenancy Support Officers signposting customers to financial advice and assistance. The TMO has been raising awareness of Universal Credit on the website and in <i>Link</i> magazine. The Heads of Neighbourhood attend the Welfare Reform Benchmarking Sub Group.</li> </ul>
	<ul style="list-style-type: none"> <li>Facilitate access to affordable credit</li> <li>Set up and maintain children and youth forums</li> </ul>	<ul style="list-style-type: none"> <li>Continue to support the credit union</li> <li>Children forum set up in south. Youth forums established in the north and south</li> </ul>	<ul style="list-style-type: none"> <li>The Credit Union continues to use accommodation at the TMO offices at 346 Kensington High Street.</li> <li>The Youth Project has now set up Youth and Children's forums in the north and south which encompass forums and sport activities.</li> </ul>

	<ul style="list-style-type: none"> <li>• Work with health trainers and healthy eating initiatives</li> <li>• Supporting older people</li> <li>• Supporting a local charity</li> </ul>	<ul style="list-style-type: none"> <li>• Hold three cook and taste events</li> <li>• Host a senior citizens' party</li> <li>• Investigate visiting service for older people.</li> <li>• New charity chosen and £1,000 collected</li> </ul>	<ul style="list-style-type: none"> <li>• Cook and taste sessions were held at the road shows in June and February and at the Residents' Conference in September.</li> <li>• Senior citizens' party was held in January.</li> <li>• Under review.</li> </ul> <p>£1,600 raised for 14/15 charity St John's Hospice. Now fundraising for local charity, Full of Life. Fund-raising events have been planned throughout the year and £2,500 has so far been raised for the charity.</p>
Environment and community improvements	<ul style="list-style-type: none"> <li>• Helping community centres to develop financially sustainable models of operation</li> </ul>	<ul style="list-style-type: none"> <li>• New charges agreed and four centres improved</li> </ul>	<ul style="list-style-type: none"> <li>• Four more community centres have been decorated.</li> </ul>
	<ul style="list-style-type: none"> <li>• Support projects to reduce antisocial behaviour and crime reduction</li> </ul>	<ul style="list-style-type: none"> <li>• Housing Regeneration Programme (HRP) bids agreed and delivered</li> </ul>	<ul style="list-style-type: none"> <li>• The 2015/16 HRP bids were reviewed and prioritised at the April Operations Committee. These schemes have been completed within the financial year with residents providing positive feedback on the schemes.</li> </ul>
	<ul style="list-style-type: none"> <li>• Facilitate community information sharing and communication</li> </ul>	<ul style="list-style-type: none"> <li>• Four new resident associations established. Four RA newsletters circulated</li> </ul>	<ul style="list-style-type: none"> <li>• Seven new RAs and compacts established and three RA newsletters circulated.</li> </ul>
	<ul style="list-style-type: none"> <li>• Creating and improving spaces for play and interaction and keeping</li> </ul>	<ul style="list-style-type: none"> <li>• Garden competition held</li> </ul>	<ul style="list-style-type: none"> <li>• The Gardens Competition was held in September 2015. The process is currently being reviewed to consider what improvements</li> </ul>

	spaces attractive and well maintained		<p>can be made.</p> <ul style="list-style-type: none"> <li>• New equipment has been purchased for a number of play areas. One of this year's HRP schemes included the provision of outside gym equipment.</li> <li>• A games patch has been refurbished in Kensal New Town which holds youth football programmes and girls multi-sport sessions.</li> </ul>
--	---------------------------------------	--	---

#### 4. Growth Strategy Delivery Plan 2014-17

Strategic objectives	Actions	Milestones 2015-16	Up-date
Capital Programme	<ul style="list-style-type: none"> <li>• Complete Grenfell Tower refurbishment</li> </ul>	<ul style="list-style-type: none"> <li>• Project complete</li> </ul>	<ul style="list-style-type: none"> <li>• Grenfell Tower regeneration is approaching its final stages.</li> </ul>
Regeneration and development with RBKC	<ul style="list-style-type: none"> <li>• Deliver Hidden Homes programme &amp; develop future pipeline</li> </ul>	<ul style="list-style-type: none"> <li>• Nine new homes at Grenfell Tower (£650m) delivered</li> </ul>	

Strategic objectives	Actions	Milestones 2015-16	Up-date
		<ul style="list-style-type: none"> <li>Seven new homes at World's End (£742k) delivered</li> </ul>	<ul style="list-style-type: none"> <li>Completed successfully and well attended opening viewings with the Leader and Deputy Leader</li> </ul>
		<ul style="list-style-type: none"> <li>Three new schemes being assessed</li> </ul>	<ul style="list-style-type: none"> <li>Hidden Homes projects are being considered at Longlands Court, Lowerwood Court and Elm Park House..</li> </ul>
	<ul style="list-style-type: none"> <li>Work with RBKC on identified estate regeneration at Treverton, Warwick Road and Trellick Tower</li> </ul>	<ul style="list-style-type: none"> <li>RBKC and TMO work together on managing the process for consultation and delivery</li> <li>RBKC to confirm TMO is preferred manager for new homes developed</li> </ul>	<ul style="list-style-type: none"> <li>More detailed capital monitoring procedures have been developed which set out the working relationship between the TMO and the Council on the asset management projects. These will be include in the next version of the Management Agreement and are in preparation for further regeneration opportunities involving extensive partnership working.</li> </ul>
Review current services	<ul style="list-style-type: none"> <li>External contracts: review all external contracts and have outline timeline for reviews and business assessments over the next five years</li> </ul>	<ul style="list-style-type: none"> <li>Review any contract as a new business opportunity</li> </ul>	<ul style="list-style-type: none"> <li>Any contract will be reviewed as a potential new business opportunity</li> </ul>
	<ul style="list-style-type: none"> <li>Cleaning contract re-procurement : TMO to review and assess any business opportunity</li> </ul>	<ul style="list-style-type: none"> <li>Decision to bring in-house or re-procure</li> </ul>	<ul style="list-style-type: none"> <li>The TMO Board considered the possibility of providing an in-house service and have decided to reprocure the service externally. The tendering process is nearing completion with a new contract due to go live in October.</li> </ul>

Strategic objectives	Actions	Milestones 2015-16	Up-date
	<ul style="list-style-type: none"> <li>Repairs Direct: to deliver key objectives around quality and performance of service</li> </ul>	<ul style="list-style-type: none"> <li>Improvement plan to be completed and delivered</li> <li>Reduce the number of sub-contractors</li> <li>Develop the capacity to deliver parts of the capital programme</li> </ul>	<ul style="list-style-type: none"> <li>Review satisfaction with repairs</li> <li>Agree new pricing model with RBKC to ensure budget surplus is agreed.</li> </ul>
Asset investment	<ul style="list-style-type: none"> <li>Recruit capital team to deliver programme</li> <li>Evaluate opportunity to provide services to other providers</li> </ul>	<ul style="list-style-type: none"> <li>Deliver Capital Programme</li> <li>Explore and investigate small provider market (TMO and community organisations)</li> </ul>	<ul style="list-style-type: none"> <li>The Capital Programme resulted in a £11.8m spend against a revised budget of £11.5m. Additionally a further £6m was spent at Grenfell Tower on Hidden Homes.</li> <li>Agree forward programme in HRA business plan</li> </ul>
Developing new services	<ul style="list-style-type: none"> <li>Community Alarm Service (CAS): review service capacity to increase services to private sector or look at health opportunities</li> <li>Older tenants: review tenants profile to see if additional services required due to age</li> </ul>	<ul style="list-style-type: none"> <li>Review/complete and business plan agreed</li> <li>Identify investment requirements</li> </ul>	RBKC agreed to retain TMO CAS service.
	<ul style="list-style-type: none"> <li>Leasehold services: assess the idea of a leaseholder repairs service from Repairs Direct</li> </ul>	<ul style="list-style-type: none"> <li>Decision to develop service or not</li> </ul>	Survey returns from lessees suggest that this is very much a service that they are interested in. RD Business Plan includes proposal to offer a repair service to leaseholders by Q4 2016-17.

Strategic objectives	Actions	Milestones 2015-16	Up-date
Expanding membership services	<ul style="list-style-type: none"> <li>Complete review of membership list to agree number of members</li> <li>Review and look at other membership organisations to see what works</li> <li>Review resources to deliver strategy</li> </ul>	<ul style="list-style-type: none"> <li>Membership target achieved of 450</li> </ul>	<ul style="list-style-type: none"> <li>Achieved 500 by year end</li> </ul>
Opportunistic growth	<ul style="list-style-type: none"> <li>To monitor the market, identify opportunities and assess risk</li> </ul>	<ul style="list-style-type: none"> <li>Westway/TMO agreement in place to deliver specific RE service.</li> </ul>	<ul style="list-style-type: none"> <li>The TMO has identified resident engagement opportunities in the north and the south to the borough which are currently in negotiation.</li> </ul>
		<ul style="list-style-type: none"> <li>Opportunity to offer a Right To Buy (RTB) administration process for housing associations.</li> </ul>	<ul style="list-style-type: none"> <li>This will be reviewed at the end of the Housing Associations RTB pilot exercise.</li> </ul>
		<ul style="list-style-type: none"> <li>Operate intermediate rent product for RBKC.</li> </ul>	Lease for properties to made available for intermediate rent has been drafted and is being negotiated with RBKC. Initially RBKC will provide the prospective tenants (and undertake the selection and checking process) until the TMO has its own systems and processes in place, TMO will issue the tenancy agreement and manage the tenancy.
		<ul style="list-style-type: none"> <li>Manage market rent on behalf of the RBKC.</li> </ul>	TMO and RBKC are discussing the opportunity to manage market properties and set up processes similar to intermediate rent tenancy.



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

Strategic objectives	Actions	Milestones 2015-16	Up-date
Understanding costs and comparing with others	<ul style="list-style-type: none"> <li>Budget: continue and improve budget review</li> </ul>	<ul style="list-style-type: none"> <li>New financial director to review overall budget strategy and investment requirements</li> <li>Set budget for 2016-17 for group at target and challenge utilising improved benchmark information</li> <li>Agree Board strategy on utilisation of reserves</li> </ul>	<ul style="list-style-type: none"> <li>Budget strategy reviewed in setting 2016/17 budget. 5 year budget trend analysis provided as part of the process.</li> <li>In preparation for 2017/18 budget process, teams and functions have been requested to undertake service reviews to identify cost savings, efficiencies and different ways of working.</li> <li>Budget for 2016-17 completed and agreed.</li> <li>At the 23<sup>rd</sup> July Board, it was resolved to approve the use of £250k of retained reserves to fund infrastructure investment required to deliver identified projects for delivery by 2020.</li> </ul>
	<ul style="list-style-type: none"> <li>Benchmarking: set up peer group for Housemark benchmarking based on business criteria and drivers</li> </ul>	<ul style="list-style-type: none"> <li>Complete selection of peer group analysis</li> <li>Receive full peer group analysis in October 2016.</li> </ul>	<ul style="list-style-type: none"> <li>Meetings are being arranged with HouseMark to review 2015-16 input and peer group selection.</li> </ul>

Strategic objectives	Actions	Milestones 2015-16	Up-date
Achieve VFM through effective procurement	<ul style="list-style-type: none"> <li>Framework: complete implementation of framework agreement</li> </ul>	<ul style="list-style-type: none"> <li>Obtain binding decision from Upper Tier Tribunal</li> </ul>	<p>Successful decision from the UTT which has changed the legal position for all of England &amp; Wales. A lot of publicity in trade publications and the TMO has been contacted by various people on the back of the result to establish how the frameworks should be set up.</p> <p>Despite a multitude of challenges around the s.20 consultation, the UTT ruled that the consultation was fully compliant.</p>
	<ul style="list-style-type: none"> <li>Utilise contract management skills to monitor contracts</li> </ul>	<ul style="list-style-type: none"> <li>Complete leaseholder consultation on framework</li> <li>Undertake leaseholder consultation on works using framework</li> </ul>	<ul style="list-style-type: none"> <li>The TMO is now using the asset management framework arrangement to provide contractors and consultants for capital work. The contractors are KeepMoat and Wates and the consultants are JRP and Baily Garner.</li> </ul>
		<ul style="list-style-type: none"> <li>Launch framework with contractors/ consultants, emphasising delivery and VFM in TMO context</li> </ul>	<ul style="list-style-type: none"> <li>Invest in community with contractors</li> <li>Start apprenticeship scheme</li> </ul>
		<ul style="list-style-type: none"> <li>Complete recruitment of contract management and framework team</li> </ul>	<ul style="list-style-type: none"> <li>A Procurement Manager has been appointed.</li> </ul>
Efficiency in service delivery	<ul style="list-style-type: none"> <li>Implement CRM project</li> </ul>		<ul style="list-style-type: none"> <li>See the Customer Strategy page 3.</li> </ul>
	<ul style="list-style-type: none"> <li>Assess impact of Universal Credit on arrears and the</li> </ul>	<ul style="list-style-type: none"> <li>Commencement of Universal Credit in the borough</li> </ul>	<ul style="list-style-type: none"> <li>The TMO is continuing to monitor the progress of the Universal Credit rollout and the Council has agreed to continue to support staff for a</li> </ul>

Strategic objectives	Actions	Milestones 2015-16	Up-date
	working methods of income management		further year.
	<ul style="list-style-type: none"> <li>Agree regeneration requirements and information with RBKC</li> </ul>	<ul style="list-style-type: none"> <li>SLA on regeneration</li> </ul>	<ul style="list-style-type: none"> <li>Involvement in regeneration programme</li> </ul>
	<ul style="list-style-type: none"> <li>SLA reviews</li> </ul>	<ul style="list-style-type: none"> <li>Review Legal Services SLA</li> </ul>	<ul style="list-style-type: none"> <li>The Legal SLA has been completed and is due to be signed-off by RBKC.</li> </ul>
Promote and embed VFM culture	Publicise strategy to staff and key partners	<ul style="list-style-type: none"> <li>All staff aware and signed up to VFM strategy</li> </ul>	<ul style="list-style-type: none"> <li>SMT looked at vfm and cost savings in relation to the 2016-17 budget setting.</li> </ul>

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

<b>Confidential</b>	
<b>For Decision</b>	
<b>Board Report 26 May 2016</b>	
<b>Report title:</b>	<b>Treasury Management Policy</b>
<b>Authority for decision:</b>	The Board is required to monitor the scope and effectiveness of the systems established by the management to identify and manage the financial risks to the organisation.
<b>Recommendations:</b>	It is recommended that the Board consider the contents of this report and upon due consideration, agree and approve the revised Treasury Management Policy.
<b>Regulatory/legal requirements:</b>	Management of the organisation's treasury management activity and risks is essential to ensure the ongoing viability of the organisation. It is also best practice to operate and maintain a robust treasury management policy.
<b>Business Plan link:</b>	Financial viability, growth and value for money
<b>Equality Assessment/comment:</b>	<b>Impact</b> No adverse effect for any group.
<b>Resident consultation:</b>	Not required
<b>Resource implications/VFM statement:</b>	Not applicable
<b>Risk:</b>	Failure to have in place and maintain a robust treasury management policy could impact on the future growth and viability of the organisation
<b>Appendices:</b>	1
<b>Total number of pages including appendices:</b>	8
<b>Name, position and contact details of author:</b>	Barbara Matthews, Executive Director of Financial Services & ICT

## **1 Introduction**

- 1.1 The TMO Treasury Management Policy has not been reviewed or updated since its subsidiary Repairs Direct was established in 2013.
- 1.2 Repairs Direct is now generating cash surpluses which it is using to repay the working capital loan provided by the TMO (due to be fully repaid by September 2018). Following full repayment of this loan Repairs Direct is forecast to continue to generate cash from its operations which it will either use for its own purposes or will transfer to the TMO to invest in short or long term deposits, as appropriate.
- 1.3 As the management fee received from RBKC is paid monthly in advance and with the tax refund of £550k received 7-8 years ago, the TMO is currently able to maintain monthly cash balances of between £700k and £2m and would be able to make regular short term deposits to earn interest on the cash surpluses held.
- 1.4 The Finance, Audit and Risk Committee reviewed and recommended the policy for approval by the Board with one amendment to include additional wording in 4.1 (shown in highlighted in italics).

## **2 Treasury Management Policy**

- 2.1 The Treasury Management Policy attached (Appendix 1) has been updating to reflect the change in the Group structure and to allow for other forms of deposits or investments. It has also been updated to include expanded risk management and acknowledgement of the TMO's anti fraud responsibilities. Expanded deposit and investment options have been included to allow the TMO to invest funds other than with its corporate banking services provider, Lloyds Bank plc.

## **3 Recommendation**

- 3.1 The Board are requested to approve the Treasury Management Policy.

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

**Treasury Management Policy**

**INDEX**

1. Introduction
2. Treasury Plan
3. Risk Management
4. Surplus Funds
5. Reporting requirements and management information arrangements
6. Organisation, Systems, Clarity and Segregation of Responsibilities, and Dealing Arrangements

## **TREASURY MANAGEMENT POLICY**

### **1. Introduction**

- 1.1. This document sets out the Treasury Management Policy of The Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited ("TMO") and will apply to the TMO and its subsidiaries ("Group").
- 1.2. The TMO will manage the treasury activities for all companies in the Group.

### **2. Treasury Management Policy**

#### **2.1. Treasury Plan**

It is a core objective of the TMO to maintain financial strength by underpinning its activities with:

- Adequate reserves
- Liquidity
- Sound controls

The TMO is cash rich and thus has sufficient cash flow to cover its financial commitments as they fall due. However, it is in the TMO's interest to use surplus cash to generate extra income where possible.

### **3. Risk Management**

- 3.1 The Executive Director of Financial Services and ICT will design, implement and monitor all arrangements for the identification, management and control of financial, economic and operational risk, will report at least annually on the adequacy/suitability thereof, and will report as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the TMO's objectives in this respect, all in accordance with the procedures set out below in "Reporting requirements and management information arrangements" (Section 6).

#### **3.2 Liquidity Risk Management**

The TMO will ensure it has adequate, though not excessive, cash resources, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business and service objectives.

It is the TMO's objective to ensure that cash is available to meet financial liabilities when they fall due without any borrowings and to keep cash reserves of £200k readily available or not on deposit.

#### **3.3 Legal and Regulatory Risk Management**

The TMO will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities.



The TMO recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the TMO.

### **3.4 Interest and Inflation Risk Management**

The long term effects of varying levels of inflation and interest rates will be managed by the TMO as an integral part of its strategy for managing its overall risks, as appropriate.

TMO will achieve these objectives by the prudent use of its approved deposits and investments, primarily to create stability and certainty of surpluses in line with the Group's financial strategy, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates or inflation. The above are subject, at all times, to the consideration and, if required, approval of any policy or budgetary implications.

TMO will not incur exchange rate risk and accordingly will only invest in sterling (or other currency of the UK).

### **3.5 Fraud, Error and Corruption, and Contingency Management**

TMO will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, software or hardware failure or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements.

TMO is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will ensure that staff involved "know their clients and counterparties" and report suspicious activities to the Company Secretary.

## **4. Surplus funds**

The investment management function of treasury should be to maintain on demand cash deposits at the minimum level consistent with the liquidity management policy. TMO will, therefore:

- Place surplus funds with a counterparty (refer to Counterparty Risk Management in Appendix 1) approved by the Finance, Audit and Risk Committee (when placing funds for terms greater than 6 months), TMO will give preference to counterparties with whom the TMO has corporate banking arrangements, or with sterling denominated money market funds;
- allocate funds so as to maximise returns;
- manage cash in-house or employ external cash managers only in circumstances where large cash balances need to be maintained.

### **4.1 Investment**

TMO may invest surplus funds in the following approved instruments:

- Short term deposits

- Money market funds
- Certificates of Deposit or Bills of Exchange issued by authorised institutions
- UK Treasury Bills
- UK Government bonds
- Any other investments, *as approved by the Board on the basis of professional advice.*

Deposits provide a guaranteed return on surplus funds available for investment over the short or medium term, fixing the interest rate of a cash deposit to a pre-agreed rate, for a fixed period of time. At the end of this period, these deposits can be automatically reinvested (principal amount plus interest) or repaid in full.

## 5. Reporting requirements and management information arrangements

TMO will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implication of changes resulting from regulatory, economic, market or other factors affecting its treasury management activities.

As a minimum:

- A statement of twelve months rolling cash flow updated monthly and circulated to the Board and the Executive Team on a quarterly basis;
- An annual report on the performance of the treasury management activities, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with TMO's treasury management policy statement.

## 6. Organisation, Systems, Clarity and Segregation Of Responsibilities, and Dealing Arrangements

TMO considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of maximum effectiveness that there is at all times clarity in the chain of command for treasury management responsibilities so that there is clear accountability.

Systems will be implemented for all aspects of the treasury activities and will be subject to audit by both the TMO's Internal and External Audit functions. The Executive Director of Financial Services & ICT will ensure that there are written procedures that cover all processes and systems. The procedures will be reviewed at least every 2 years, or earlier as circumstances change. Staff will adhere to the documented system processes at all times.

TMO considers it essential, for the purposes of reduction of the risk of fraud or error, that wherever possible there is a clear separation between those persons charged with implementing policies and executing transactions with

counterparties, and those responsible for signing confirmations, transmission of funds, recording and administering of treasury management decisions. TMO will apply the principle of segregation as far as practically possible, and ensure that the adequacy of controls is regularly tested through internal audit.

If and when TMO intends, as a result of lack of resources or other circumstances, to depart from these principles, the Executive Director of Financial Services & ICT will seek approval from the Chair of the Board. The circumstances that led to the departure along with progress made to comply with the internal control principles of the Policy will be reported to the following meeting of the Board.

The Executive Director of Financial Services & ICT will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

The Board holds ultimate responsibility for treasury policies, procedures and activities. The Board is responsible for the annual monitoring and review of this Treasury Policy (additional reviews may be necessary as market conditions and/or new good practice guidance dictate). The Board may delegate such responsibilities to its Finance, Audit and Risk Committee, but as a minimum will receive regular assurance from this Committee that all treasury activity is compliant with this Policy and that Board responsibilities are being discharged appropriately. All executive decisions on investment are delegated to the Executive Director of Financial Services & ICT by means of this Policy. The Executive Director of Financial Services & ICT will fulfil all such responsibilities in accordance with this Policy Statement and in accordance with best professional practice.

Surplus funds can only be placed by written approval of Executive Director of Financial Services & ICT. For any pre-approved arrangements with Lloyds Bank plc, or other counterparties this is delegated to the Assistant Director of Finance. The transaction details and paper documentation of placement have to be approved and signed by the Executive Director of Financial Services & ICT, or as delegated to the Assistant Director of Finance.

Surplus funds placed with other counterparties or investments made require written approval of the Executive Director of Financial Services & ICT.

In the event of the absence of the Executive Director of Financial Services & ICT, the Chief Executive will fulfil the responsibilities.

## **7. Corporate Banking Arrangements**

TMO aims to achieve best value from its day to day corporate banking arrangements and will review its arrangements on a periodic basis with reference to the suitability of current arrangements to meet the requirements of the business, potential to procure services that will improve the effectiveness of the treasury systems and their competitiveness against the market. The review period will be agreed by the Board.

## Appendix 1

### Counterparty Credit Risk Management

The following criteria will apply:

Counterparty	Min credit rating from S&P and Moody's	Max term	Max Peak Exposure Amount per Counterparty	Other
Short term deposits –	Short term A-1/P1 Long term A/A2	1 year	£500k	If a counterparty is not rated by both S&P and Moody's, their rating under the individual rating agency will be used.
Sterling denominated money market funds	Long term AAA		Unlimited	
Loans for liquidity purposes	Short term A1/P1 Long term A/A2	N/a	N/a	

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

Minutes of a Confidential meeting of the Board of Directors ('Board') of the  
Company held on the 31 March 2016 at 6.30 pm  
at 346 Kensington High Street, London W14 8NS

**PRESENT:**

<b>Resident Board Members</b>	Fay Edwards	- Chair
	Kush Kanodia	
	Anne Duru	
	Brendan Tracey	
	Maria Escudero-Barbaza	
	Mary Benjamin	
<b>Council-Nominated Board Members</b>	Cllr. Maighread Condon-Simmonds	
	Jeff Zitron	
	Paula Fance	
	Cllr. Judith Blakeman	
<b>Independent Board Members</b>	Simon Brissenden	- Left at 7.30pm
	Anthony Preiskel	- By Teleconference

**APOLOGIES:**

Tony Annis  
Peter Chapman  
Deborah Price

**IN ATTENDANCE:**

Barbara Matthews	Executive Director of Financial Services & ICT
Yvonne Birch	Executive Director of People & Performance
Sacha Jevans	Executive Director of Operations
Fola Kafidiya-Oke	Head of Governance & Company Secretary
Peter Maddison	Director of Assets and Regeneration
Gill Petford	Executive Manager
Daniel Asamoah	Minutes



## 7. MINUTES OF THE CONFIDENTIAL MEETING HELD ON 4 JANUARY 2016

- 7.1 The Board considered the minutes of the confidential meeting held on 4 January 2016 and requested the following amendments:
- The second bullet point of paragraph 7.2 should be amended to read “the Group income was budgeted at £19.8m with a total expenditure of £19.5m giving the Group a surplus of approx. £200k.” and
  - Paragraph 8.4 should be amended to read “Cllr. Blakeman questioned whether the Company was able to retain any monies raised.....”
- 7.2 The Board **NOTED** the amendments to the minutes and agreed to pass the required written resolution(s) to effect the approval of the minutes, upon its circulation by the Company Secretary, after the meeting.

## 8. MATTERS ARISING

- 8.1 The Board considered the actions arising from previous meetings:
- Measurable targets of the impact of the Business Plan - The report would be provided by Yvonne Birch at the May meeting of the Board.
  - Measuring the commerciality of the recharge cost model against comparable organisations - It was noted that the new MD of the subsidiary company would report back to the Board at its meeting in July.
  - Options appraisal for the use of the Group surplus - Barbara Matthews informed the Board that the Company had been asked by RBKC to provide an intermediate rent service. This would be a new service offered by the Company requiring the implementation of the Company’s own lettings and rent collection process. The offering of new services and the planned future surpluses from the subsidiary will require the Company to consider the Group’s tax structure
  - Criteria for classifying board agenda items - the Board considered a paper presented by Fola Kafidiya-Oke on the classification of the various items considered at Board and Committee meetings. Jeff Zitron stated that he was of the opinion that the Company was a membership organisation and as a result, a lot of the items classed as ‘Confidential’ should be marked ‘Open’ and accessible to its members. He requested that the Executive team should review the criteria and report back to the Board at a future meeting.

- 8.2 This Board **NOTED** the updates on the actions.

## 9. CHIEF EXECUTIVE’S REPORT

- 9.1 Barbara Matthews presented the Chief Executive’s report to the Board She drew the attention of the Board to the progress update on the enforcement notices received in respect of Adair and Hazelwood towers following the fire at Adair Tower.
- 9.2 Jeff Zitron questioned why Enforcement Notices had been issued given the fact that the Company had commissioned and had valid fire risk assessments in place at the

time of the fire incident. Sacha Jevans explained that the Fire Risk Assessment that had been even though there were no issues reported by the consultant and the London Fire Brigade in their fire audit before the fire incident, the occurrence of the fire had created the opportunity to reassess the acceptable standards which then led to the issuance of the Enforcement Notices. It was reiterated that the key areas of focus for the Notices were the ventilation in the stairwells and self-closures on all flat entry doors. Simon Brissenden commented on the qualification of the risk assessors being used by the Company and reiterated the need to use experienced consultants who could highlight any eventualities as well in their reviews of the properties.

The Board agreed that the Company needed to reconsider the frequency of the fire risk assessments being undertaken and the installation of door closers. Barbara Matthews confirmed that it was intended to install door closers by the deadline and negotiate an extension of the works required on the ventilation issues. The Board requested that a report on the conclusions of the review of the stock should be presented at a future meeting covering any decisions and recommendations in respect of the fire incident.

9.3 Barbara Matthews drew the Board's attention to the change in the Company's tax status which enabled the Company to claim tax refunds for the Company and its subsidiary of just under £70k. The Board discussed the need to create a tax efficient structure for the Group. Barbara Matthews advised the Board that the Group structure and any tax advantages could only be decided once the Board had agreed the strategic direction for the Group and the types of activities the Board might consider the Company and the Group should undertake. Kush Kanodia questioned if there had been any progress on considering the possibility of creating a social enterprise. The Board agreed to receive a paper in July on the options for exploring any charitable activities or a social enterprise.

9.4 The Board **NOTED** the contents of the report

## 10. GRENfell TOWER REVIEW UPDATE

10.1 Paula Fance presented the conclusions of the review undertaken by a panel of the Board on the Grenfell Tower Project. Jeff Zitron requested that the review should reflect and consider the fact that 40 per cent of the residents of the building signed the petition against the Company and propose actions that could have been taken by the Company to manage the feelings of the residents for such a project. Peter Maddison highlighted that the post-satisfaction survey would flush out the residents' feelings on the project which would help the Company reconsider future projects of the same nature. The Board agreed that Paula Fance should meet with Cllr. Blakeman to address the points she raised on the contents of the report. It was proposed to share the conclusions of the Panel's review with RBKC.

## 11. GROUP BUDGET MONITORING REPORT

11.1 The Board considered the financial update for the period to February 2016 which highlighted the following:

### the Company

- the current projected surplus for the year was £36k, and surplus as at period 11 (February 2016) was £32k.



- the total income for February 2016 was £20k below budget which was due to adjustments.
- staff costs were £8.70m against a budget of £8.73m a positive variance of £280k.

#### the Subsidiary

- the current projected surplus for the year was £161k, and surplus as at period 11 was £129k with a negative variance of £18k against projected surplus for the period
- jobs completed as at end of February 2016 were 18,000 against a full year forecast of 22,000 jobs
- actual staff costs were £238k below budget which is due to under establishment
- other costs were £213k above budget with increase in subcontractor costs and some savings in costs of materials and vehicles.

#### HRA

- the HRA saw a £1.1m reduction in income due to reduced service charges and refunds for heating and hot water charges made in previous years.
- there was also a drop in expenditure of £1.2m due to change in providers for major contractor works (and a key contractor for external works going in to liquidation during the year).
- the capital programme had an approved budget of £14m for year 2015/16 with a current forecast of £11.5m. Actual spend to the end of February 2016 was £8m.
- tenant debt balance increased by £622k as a result of current issues with the Agresso financial systems resulting is missing and unallocated payments.
- there was a decrease in leaseholder service charges and major works debts of £616k.

11.2 The Board **NOTED** the contents of the report.

## **12. CAPITAL PROGRAMME UPDATE**

12.1 Peter Maddison presented the update on the capital programme. The Board noted that the total spend for the period to the end of March 2016 was £11.5m and the current proposed budget for 2016/17 is £16.5m.

12.2 The Board noted that the procurement for the works at Trellick Tower had commenced pending planning approvals. Peter Maddison confirmed that an update report would be presented at the May meeting of the Operations Committee to outline the opportunity cost of the decision to invest in Trellick Tower i.e. an outline of the works to be forgone by investing in the works at Trellick Tower. .

12.3 The Board **NOTED** the contents of the report.

## **13. CONTRACT AWARD APPROVALS**

13.1 Peter Maddison presented a proposal to award the contracts for the Lift Renewal Programme , and the External Works contract.

13.2 Brenden Tracey asked whether the residents had been engaged. Peter Maddison assured the Board that there have been intensive resident engagement

13.3 Lift Replacement Contract – the Company had issued a pre-qualification questionnaire of which twenty-five service providers expressed an interest, sixteen completed the pre-qualification questionnaire, and four were invited to tender. Upon evaluation of the received tenders, it was proposed to award the contract to Guideline Lift Services in respect of the replacement of 35 lifts across the borough between 2016 and 2018. The contract sum was £3,490,813 with a total estimated commitment of £4,108,686 (inclusive of fees).

13.4 External Works Contract – the Board was reminded that four service providers were appointed to the Capital Works Contractors' framework in 2014. It was proposed to call-off two service providers, Wates Living Space Limited for the North area of the borough, and Keepmoat Regeneration Limited for the South area of the borough, from the framework in respect of external works and external redecoration for 2016/17. The contract sum for the North area was £5,260,185 (inclusive of fees), and the contract sum for the South area was £5,646,430 (inclusive of fees).

The Board **NOTED** the recommendations to award the contracts to the selected tenderer and agreed to pass the required written resolution(s) to effect the award approvals, upon its circulation by the Company Secretary, after the meeting.

#### 14. SUBSIDIARY BOARD APPOINTMENT

14.1 Fola Kafidiya-Oke presented a proposal to approve the appointment of the Chair of the board of the subsidiary company, Kensington and Chelsea TMO Repairs Direct Limited. She informed the Board that a recruitment and selection process had been undertaken by the Appointments & Remuneration Committee as per the Board's delegated authority to undertake the process. Following the conclusion of the process, the Appointment & Remuneration Committee was recommending that Paul Mains should be appointed as the Chair of the board of the subsidiary company.

14.2 Fola Kafidiya-Oke invited the Board to consider the recommendation of the Appointments & Remuneration and agree to appoint Paul Mains as a non-executive director and chair of the board of the subsidiary company with effect from the date of the meeting.

14.3 The Board **NOTED** the recommendation and agreed to pass the required written resolution(s) to effect the appointment approval, upon its circulation by the Company Secretary, after the meeting.

#### 15. BOARD REMUNERATION

15.1 Fola Kafidiya-Oke presented a briefing note on the sector practice in relation to remuneration of Board members. The Board agreed to defer the discussion on f this item to its Board Away Day in June.

#### 16. COMMITTEES' UPDATE

16.1 The Board considered the draft minutes of the last meeting of the Operations Committee.

16.2 This Board **NOTED** the update on the activities of the Operations Committee.

**17. SUBSIDIARY UPDATE**

17.1 The Board considered the minutes of the last meeting of the subsidiary company.

17.2 The Board **NOTED** the minutes of the subsidiary company.

**18. ANY OTHER BUSINESS**

18.1 None

**19. DATE OF NEXT MEETING**

19.1 The next meeting of the Board would take place on 26 May 2016.

Agenda Item: 9

### MATTERS ARISING (Confidential Meeting)

NO.	MEETING DATE	MINUTE NUMBER	ACTION	BY WHOM	BY WHEN	UPDATE
1.	26/11/15	13.2	Provide measurable targets on the impact of the business plan in 2016	Yvonne Birch	26 May 2016	
2.	26/11/15	14.5	Present a report measuring the commerciality of the proposed cost model particularly in comparison to a comparable organisation.	Barbara Matthews	26 July 2016	To work with the new RD MD to review how commercial companies price contracts
6.	04/01/2016	12.3	Review the criteria for classifying board agenda item as 'open item' or 'confidential'	Fola Kafidiya-Oke	26 May 2016	
7	31/03/2016	9.2	Adair Tower report on the conclusions, decisions and recommendations about lessons learn from the fire incident	Robert Black	TBC	
8	31/03/2016	9.3	Business opportunities for KCTMO and the consequential group structure required (including tax efficiency)	Barbara Matthews	20 July 2016	
9	31/03/2016	15.1	Board Remuneration	Board	10 June 2016	

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

<b>Confidential</b>	
<b>For Decision</b>	
<b>Board Report 26 May 2016</b>	
<b>Report title:</b>	Corporate Risk Map 2016 – 2017
<b>Authority for decision:</b>	The Board of Directors is responsible for ensuring that there are internal controls and systems established to identify and assess all material risks to the company.
<b>Recommendations:</b>	It is recommended that the Board pass the following resolution:  "The Board <b>RESOLVED TO</b> adopt the Corporate Risk Map recommended to it by the Finance, Audit & Risk Committee."
<b>Regulatory/legal requirements:</b>	A corporate risk map is an internal audit requirement.
<b>Business Plan link:</b>	All parts of the Business Plan apply.
<b>Equality Impact Assessment/comment:</b>	No adverse effect to any group.
<b>Resource implications/VFM statement:</b>	Existing resources.
<b>Risk:</b>	The monitoring of the risks and the risk management functions in the Company is essential to the existence of the Company.
<b>Appendices:</b>	1
<b>Total number of pages including appendices:</b>	
<b>Name, position and contact details of author:</b>	Janet Seward Policy Adviser [REDACTED]



## PURPOSE

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

## 1 INTRODUCTION

- 1.1 As part of its risk management strategy, the KCMTO Board regularly reviews the company's Corporate Risk Map. The Corporate Risk Map is intended to identify the most important strategic risks to the business. Operational risks are managed in service level risk maps held by managers within the business.
- 1.2 At the Board meeting on 26 November, the Board requested that officers review the Risk Map to ensure that it was up-to-date and robust. As part of this review process, a risk management session was organised for Board Members and held on 28 January 2016. The session was delivered by Matt Hillyer, Strategic Risk Consultant from [REDACTED] who have supported KCTMO's risk management process for several years. The purpose of the session was to assist Board Members in identifying strategic risks to the business that they consider should be included on the Corporate Risk Map.
- 1.3 Departments and service teams continue to maintain their own risk maps and these are reviewed regularly at the Senior Management Team meetings and the Executive Team. High scoring operational residual risks are added to the Corporate Risk Map for review by the Board.

## 2 OUTCOMES OF THE RISK SESSION

- 2.1 The following table summarises the risks identified by the Board members attending the risk management session and the Executive Team review.

**Table 1**

Suggested risk	Response and outcome
1. CRM failing to provide anticipated benefits	This is an <b>Operational risk</b> not a <b>Strategic risk</b> to the TMO. Implementing CRM is a key operational project with benefits anticipated to improve customer experience, interaction with customers and efficiency of response to customers' queries and complaints. Failing to generate the expected outcomes should create no loss in performance across the business from their current levels. To ensure the project does not fail, the CRM project maintains and monitors its own risk register. <b>Operational risk.</b>
2. Breakdown in trust between residents & TMO	This has been <b>added at risk 6.</b>

3. Universal credit & welfare reform – impact on tenants ability to pay, particularly as letting to more vulnerable tenants	Reduced rental income is a risk to RBKC as the landlord, to whom the rent is paid. Increasing vulnerability of tenants due to the reduced availability of social housing will also be a risk to RBKC, as any additional expenditure necessary to manage more vulnerable residents would be negotiated in the management fee. This is an <b>Operational risk</b> with regard to tenancy sustainment and the impact on rent arrears and is included in the Neighbourhood risk register. If welfare reform impact continues to affect tenants ability to pay their rent (a KPI used by RBKC to monitor TMO performance), the TMO may negotiate amended rent collection KPIs.
4. The impact of the Housing Bill: Rent reduction leading to a lack of investment	As above, this is a risk for RBKC. Note: a prolonged period of rent reduction may impact on the TMO management fee which has previously increased year on year.
5. Repairs Direct failure to provide repairs leading to reputational damage	This has been <b>added to risk 2</b> as a risk within failing to meet the requirements of the MMA with regard to responsive repairs, which could lead to a breach notice.
6. The TMO only has a single main contract (RBKC) creating a financial viability risk	Whilst this is a potential risk, it is only really a major risk if the TMO is failing to deliver on the MMA, the risk of which is already included on the risk map as risk 2.
7. Too many cuts in Capital Programme funding leading to a lack of decent/maintained homes	This is a risk for RBKC as the landlord. Whilst there may be some reputation risk to the TMO, this should be managed at an operational level through effective communications. <b>Operational risk.</b>
8. Terrorist activity/arson	This is an operational risk, and should be included within the Health, Safety and Facilities risk map. <b>Operational risk.</b>
9. Loss of data/cyber-attack/virus	This is an operational risk, and is included within the ICT risk map. <b>Operational risk.</b>
10. Right to manage option is discontinued by a legislative change	There is no indication that the government has any intention of removing the right (indeed it would be contrary to their ethos), nor if they did that it would be applied retrospectively to affect those who had exercised the right. The corporate risk map should only cover risks that are current.
11. Tenants decide that they don't want TMO to manage	This has been <b>added as part of risk 6</b> , within the overall risk of a loss of confidence in the TMO, which is the risk that can be managed. A failed vote is effectively the consequence of the risk.



12. Breach Notice – lose the MMA contract	Whilst this is a risk, the way this would be managed is through ensuring that the terms of the MMA are met. This is <b>already included at risk 2</b> .
13. Legislative changes	Legislative change is always a risk for any organisation. However, this risk is too broad to be managed effectively as there is no specific legislation to mitigate against. As mentioned earlier, the risks within the Housing Bill as currently drafted are risks to RBKC as the landlord.
14. Decaying stock due to lack of investment	This is an RBKC risk as the landlord.
15. Fraud	This is an <b>Operational</b> risk included within the Financial Service risk map. Failure to follow legislation around fraud is already included at <b>risk 1</b> .
16. Governance risk – disruptive group voted onto Board.	This has been included on the risk map as <b>risk 8</b> .

### 3 FINANCE, AUDIT & RISK 13 APRIL 2016

- 3.1 The revised risk map Corporate Risk Map was presented to the Finance, Audit & Risk Committee on 13 April 2016. The Committee agreed to the recommendations (set out in Appendix 1) as follows:
- 3.2 **Risk 2** has been updated to include the failure to deliver responsive repairs. This is a different risk to the financial viability of Repairs Direct risk, which remains at risk 3.
- 3.3 **Risk 3.2015** has been removed. As identified in **Table 1**, the risk of insufficient funding to deliver the capital programme is a risk to RBKC. The risk to the TMO related to the capital programme is a failure to deliver what has been agreed as part of the MMA, which is already covered under risk 2.
- 3.4 **Risk 3** has been rescored. Formerly it scored 3/3/9 (Probability/ Impact/ Total) as a raw risk, and 2/3/6 as a mitigated risk. This has now been rescored to 2/4/8 raw and 1/4/4 mitigated. This is because it was felt that the likelihood of failure was now lower because of the appointment of a new permanent Managing Director and other management and operational changes within Repairs Direct and the agreed new pricing mechanism between the TMO (Repairs Direct) and RBKC. It was felt that the raw risk was now a less than 10% likelihood rather than a 10-45% likelihood, and the mitigation likelihood score should now be 1 rather than 2 – i.e. from less than 10% likelihood to 0-5% likelihood as a mitigated risk. The impact score has been increased to 4 from 3 in both raw and mitigated, as it was felt that this would be a 'serious' failure rather than 'significant', based on the scoring guidance in Appendix A (1) (attached Appendix 2) of the Risk Strategy. The new mitigated risk for risk 3 is now lower than it was previously, even though the impact rating is higher.

- 3.5 **Risk 6** (formerly risk 7.2015) has been revised. Formerly this was the risk that membership would not increase. This has now been moved as a sub-risk of the new risk 6: Loss of residents' confidence in the TMO. Residents losing confidence is the possible outcome of a number of service issues or failures, and could result in decreasing membership, and impact on the Test of Opinion and AGM voting. Consequently, there is a second sub-risk to risk 6, namely insufficient support at the AGM and Test of Opinion.
- 3.6 This risk is closely linked to risk 2. The scoring has been modified for this from the previous level. Both the raw and mitigated impact score is 5, because a failure at the Test of Opinion is potentially catastrophic for the TMO's future. However, because of the very low likelihood, the overall score, 5, is still low (green).
- 3.7 **Risk 8** is a new item. At the risk session, and in Executive Team discussions, it was felt that because the TMO has very little to no control over who becomes a Board member, new Board members may be inexperienced or have an agenda that leads to disruption. The residual risk has been scored at 3/3/9. The likelihood is considered 'likely', particularly in 2016/17, because of the number of expected changes in the Board. This does not mean that we necessarily expect new Board members to be disruptive, but it is likely resident Board members will be inexperienced. The impact was scored at 3 because of the potentially serious outcome of inexperienced Board members not being skilled, or willing to take up the nomination support session.
- 3.8 This Finance, Audit & Risk Committee also requested the following further amendments:
- 3.9 **Risk 4** to be revised to include as an 'Action':
- 3.1.9 Develop succession planning in high risk areas.
- 3.10 **Risk 8** to be amended to read in 'Risk Identified & Explanation':
- 3.1.10 RBKC nominates 4 Board members
- 3.11 **Risk 8** to also be revised to include as 'Actions':
- 3.1.11 Provide training in chairing skills for the Board Chair and all committee chairs.
- 3.2.11 Develop succession planning for the Board Chair and all committee chairs.

#### **4 ADDITIONAL COMMENTS FROM THE RISK SESSION**

- 4.1 Matt Hillyer was asked to comment on our risk rating framework. He said that he worked with multiple organisations and that there are different ways to describe and score the risks but 5x5 which we use is very common.
- | 4.2 Mr Hillyer suggested that this approach to risk review should be undertaken by Board annually.

- 4.3 Much of the public sector generally, and Housing Associations consider one of their biggest risks to be around business transformation and diversification, and whether there are adequate skills within the business. Were the TMO to consider diversification, expansion or business transformation, appropriate research and advice would be sought to support any change and any proposal including a full risk review would be brought to the Board for discussion and approval.

## **5 RECOMMENDATION**

- 5.1 The Board is asked to agree to the adoption of the Corporate Risk Map recommended by the Finance, Audit & Risk Committee.

Risk no	Risk	Strategic Theme	Risk identified & Description	Probability	Impact	Risk Rating	Existing Control Measure (mitigation or elimination)	Confidence in controls	Residual Risk	Probability	Impact	Risk Rating	Owner	Action
1	Failure to comply with statute & regulation; procurement legislation; regulatory and diversity financial & internal controls safeguarding; bribery; bribery & fraud.	Legal obligations	Poor organisational governance leads to failings in the areas of: - substantial or sustained breach of statutory or regulatory obligations - failure to appoint the right contractors. In its ability to deliver programmes; risk of contractor challenge with financial penalties; risk of under recovery of wastewater service charges - legal challenges can result from poor financial controls and poor safeguarding issues - reputational damage can arise from mismanagement of any of these issues.	2	4	8	Full-time Company Secretary managing governance of Board and committees Good governance arrangements including standing orders and financial regulations Training programme for Board Members Contract Regulations and Standing Orders Define a hierarchy of values and ensure financial probity Consultants and advisors advise on governance Obtain specialist advice on matters of procurement, tax, insurance and legal matters Boards, Operations Committee and Project Board receive approval reports and monitor progress Robust external audit programme.	High	Contract Regulations need review Scheme of Delegation required Poor performance management Not keeping up-to-date with legislation and advice Not reviewing policies and procedures Lack of awareness of data protection and freedom of information legislation, policies and procedures.	1	4	4	CE	Review of Contract Regulations and production of Scheme Delegation Regular reviews/policies and procedures Regular training on data protection and freedom of information legislation, policies and procedures
2	Failure to deliver MMA obligations: regulatory compliance (gas repair, water safety, electrical compliance) capital programme responsive repairs income collection.	deliver excellent value services	Failure to meet agreed service standards could result in: - increased pressure on responsive repairs budget and contractor - threat to reputation - threat to viability.	2	4	8	Know your targets Careful monitoring and review process in place Strong partnership with RBKC Monitor performance with RBKC Monitor KPIs and put actions in place to improve performance.	High	Poor performance management.	1	4	4	CE	Ensure good performance management.
3	Failure of Repairs Direct (RD) to be viable.	deliver excellent value services	Failure of RD to provide a quality and cost-effective/wm service.	2	4	8	Separate RD Board RD Business Plan and accounts regularly monitored by RD in conjunction, ET and RD Board. RD Board have stress-tested the business plan Recruitment of a commercial delivery team will be cost effective recognising that RD is a commercial contractor requiring commercial expertise that is being put into place.	Medium	Repairs Direct may not deliver its objectives in spite of support from peers and Board.	1	4	4	CE	Robust management at Executive Team and RD Board level.
4	Failure to recruit and retain the staff who buy into TMO values.	fantastic people work here	Failure to recruit staff whose behaviour represents our values.  Failure to retain staff and to performance manage them to buy into our values.	2	3	6	Recruitment package being developed by Head of HR, AGM.  Future training programme Established corporate induction Close monitoring of probation periods.	Medium	Untrained managers involved in recruiting  Fail to invest in the future of staff by not giving training or career opportunities.	1	3	3	BPAP	Develop and implement the People Strategy and Best Companies - One to Watch 2015 Develop succession planning in high risk areas.
5	Failure of health and safety in relation to the services that we deliver to residents, staff in the work environment and contractors in the delivery of works.	customers at the heart	Personal injury or death of a resident, staff member, contractor, customer or member of the public. Potential prosecution by Health & Safety Executive (including reputational activity).	2	4	8	Health & Safety committee meets every 2 months involving ET & SMT in matters where Fire Risk Assessments (FRAs) and associated actions, water quality and asbestos reviews are monitored. Resulting actions are monitored and audited. Internal audit also monitor and report.	Medium	Actions arising out of assessments and inspections not done in a timely manner.	1	4	4	BFS	Health and Safety guidance and training to all staff, actions monitored in ET & SMT level who will continue to have high level involvement in driving performance.
6	Loss of residents' confidence in the TMO	Grow our scale and scope	Membership drops away and new members are not recruited especially to replace those leaving. Members fail to support the contribution of the TMO.  A loss of confidence in the TMO by its residents and customers because of repeated, regular failures to deliver a variety of services (see Item 2 in its Staff, Leadership or Board. This could result in insufficient support at the AGM or the five yearly Test of Opinion.	1	5	5	Membership campaign launched and all staff will join recruitment drive. Outreach regularly carried out with road shows and estate days and through day-to-day front engagement.  Effective management of core business to ensure that MMA requirements are met (see Item 2) vote in TMO's favour at the Test of Opinion (2013) and the AGM (2015).	High	Membership levels still do not rise  Poor performance management.	1	5	5	CE	Active membership campaign involving all staff teams  Regular monitoring to ensure good performance management.
7	Poor implementation of Agreess by RBKC.	operational requirements	TMO cannot provide financial services to customers, partners, residents or payments to HRA suppliers. TMO cannot produce financial information to RBKC accounts for HRA.	1	2	2	Implementing controls - liaising with RBKC and reporting failings as appropriate.	Low	The situation lasts for longer than anticipated, customers get more dissatisfied. This results in stopping rent payments and complaints about poor service. We may fail MMA objectives.	3	2	6	BFS	Close liaison with RBKC to ensure that they are aware of the issues.
8	Change of Board Membership	Governance	Resident Board members are elected by residents from members who stand for election. Experience is not necessary to stand, nor be elected. RBKC can make 4 Board members. Independent members are appointed by the Appointments and Remuneration Committee, which is made up of Board members and the CE.  This all means that the makeup of the Board cannot be controlled by the business, which could mean that Board members are appointed who are not experienced in being a Board member and the duties and responsibilities that are incumbent on the role.	3	4	12	Carefully training and the new TMO Academy will provide training for prospective resident Board members.	Board members will remain inexperienced even with training  Not able to affect skills if resident	3	3	9	CO SEC	Provide all Board members with robust induction and ongoing training, with annual appraisal by the Chair. Provide training in chairing skills for the Board. Chair and all committee chairs. Develop succession planning for the Board Chair and all committee chairs.	

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

**CONFIDENTIAL**

**FOR DECISION**

**BOARD REPORT  
26 May 2016**

**ANNUAL AUDIT PLAN FOR 2016/17**

This report presents the Internal Audit annual plan for 2016/17. It outlines the planned work to be completed by the Internal Audit Service during the year.

The purpose of this report is to seek approval from the Board for the proposed annual audit plan for 2016/17.

**1. THE ANNUAL AUDIT PLAN**

- 1.1 The Accounts and Audit Regulations 2015 require that public sector bodies “*must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.*” To fulfil this statutory function Internal Audit reviews management and service delivery arrangements within the TMO, as well as the key financial and other control systems in place. The work undertaken by Internal Audit is governed by the Public Sector Internal Audit Standards (PSIAS) (2013).
- 1.2 Internal Audit’s principal role is to provide management, Board members and other stakeholders with independent assurance on the adequacy of the control environment (comprising the systems of risk management, internal control and governance). In addition Internal Audit can also:
  - Promote cost effective control practices throughout the organisation.
  - Provide timely value added advisory services to management.
  - Provide independent review and investigation of allegations of fraud, waste, abuse and improper activity.
- 1.3 The Internal Audit Plan for 2016/17 is attached at Appendix 1 to this report. It provides details of the planned audit programme for the key systems and other reviews for the TMO. Details of the different types of



review carried out by Internal Audit and the scope and coverage of the audit type is included at Appendix 2. Appendix 3 shows the Strategic Audit Plan which profiles the audit universe and timings of audits since 2008/09 and projected to 2019/20 (assuming no significant changes to risk profiles and/or operational systems).

- 1.4 The audit plan has been prepared using three sources of risk identification:
  - The Internal Audit risk based methodology;
  - The TMO Corporate Risk Register; and
  - Input from individual TMO managers.
- 1.5 The Audit Plan is a working document and is required to be both flexible and dynamic. As such it will be reviewed regularly to ensure that it adequately reflects changing and emerging risks.
- 1.6 All completed reviews identified as providing Limited or No Assurance are subject to a formal follow up review process. The results of the follow-up reviews are reported to the Committee however the review will not provide a re-evaluation of the Assurance level because in the time between the original audit and the follow up other control issues may have arisen which will not have been reviewed as part of the follow up. However the review will consider whether the changes made on controls have had the desired effect on processes and the overall control environment for those specific controls.
- 1.7 The Internal Audit Service works together with the TMO's External Auditors to minimise duplication and maximise the benefit the TMO derives from the total audit resource.

## **2. Audit Assurance**

- 2.1 The work of Internal Audit is undertaken so as provide a level of independent assurance to Senior Management and Board Members on the systems of controls operating within areas reviewed under this plan. Any matters raised in subsequent audit reports are only those which came to our attention during our internal audit work and will not necessarily be a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. The performance of internal audit work is not a substitute for management's responsibilities for the application of sound management practices.
- 2.2 We would emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls nor all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against

collusive fraud. Internal audit procedures are designed to focus on areas identified and agreed with management as being of greatest risk and significance.

- 2.3 Senior Management and Board Members should therefore satisfy themselves that the reports and information received first-hand from operational managers are appropriate and accurate and provide them with the necessary level of assurance that sound systems of control are in place and being applied consistently.

### **3 RECOMMENDATION**

- 3.1 The Finance, Risk and Audit Committee is recommended to approve the proposed audit plan for 2016/17

**MOYRA MCGARVEY**  
**TRI-BOROUGH DIRECTOR FOR AUDIT, FRAUD AND RISK**  
**MANAGEMENT**

**Contact officer:** John Barnett - Senior Audit Manager

**Phone:** [REDACTED] **E-mail:** john.barnett@rbkc.gov.uk

**APPENDIX 1****KCTMO – INTERNAL AUDIT PLAN 2016/17**

<b>Service Area</b>	<b>Key Client</b>	<b>Manager</b>	<b>Audit</b>	<b>Timing</b>
<b>Finance and IT:</b>				
IT Strategy	Barbara Matthews	Nurul Miah	High Level Review	Q1/2
Open Contractor	Barbara Matthews	Nurul Miah/ Graham Webb	Application Review	Q2
IT Server Infrastructure	Barbara Matthews	Nurul Miah	Full Review	Q1/2
<b>Operations:</b>				
Capital Programme	Sasha Jevans	Peter Maddison	Full Review	Q1
Electrical Safety checks and Contract arrangements	Sasha Jevans	Peter Maddison	Full Review	Q4
Framework Procurement	Sasha Jevans	Peter Maddison	Full Review	Q2/3
Repairs Direct	Sasha Jevans	Tba	Full Review	Q2/3
Garage and Commercial Lettings	Sasha Jevans	Teresa Brown	Full Review	Q3
Fixed Term Tenancy Management	Sasha Jevans	Teresa Brown	Part of a full review in RBKC Housing.	Q1
<b>People and Performance:</b>				
Payroll/Personnel	Yvonne Birch	Jan Lester	High Level Review	Q3
Residents Engagement	Yvonne Birch	Janet Edwards	Full Review	Q3
Business Continuity	Yvonne Birch	Tba	Full Review	Q2
<b>Executive:</b>				
Contracts Register inc Spend Analysis	Robert Black Sasha Jevans	Fola Kafidiya-Oke Ernest Raw	Full Review	Q2



## **APPENDIX 2**

### **INTERNAL AUDIT METHODOLOGY**

#### **Full Reviews**

Internal Audit determine whether the systems and controls provide management with a satisfactory level of internal control to ensure:

- Compliance with statutory requirements and Departmental policies/procedures;
- The achievement of objectives in their service plans;
- The safeguarding of assets, completeness and accuracy of records; and
- The efficient, economical and effective use of resources.

#### **High Level Reviews**

Internal Audit will identify changes to the system and any risks associated with these changes and undertake the following:

- Perform a key risk and key control evaluation as a result of identified changes and test compliance with these key controls; and
- Follow up on recommendations made in previous audits and re-test compliance with previously identified key controls.

#### **IT Reviews**

Information systems or information technology audits examine the IT infrastructure controls to determine if the information systems are safeguarding assets, maintaining data integrity and operating effectively to support the achievement of service objectives.

#### **Specific Review**

Specific reviews are undertaken when the work planned or requested will not provide a complete audit of the area under review, instead focusing on the specific areas within an auditable area, which Audit and/or management consider requires attention. For example this could apply when a new process, contract or a new methodology has not been fully embedded, but it is timely to review the progress and/or the impact of the changes at an early stage.

KCTMO- Strategic Audit Plan

Appendix 3

Service Area	Key Client	Manager	Frequency Years	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Finance															
Accounts Payable - Managed Accounts	Barbara Matthews	Rupa Bhola	Two/Three	Full Review	Full Review	Full Review		Full Review			Full Review			Full Review	
Accounts Receivable - Managed Accounts	Barbara Matthews	Rupa Bhola	Two/Three	Full Review	Full Review			Full Review			Full Review			Full Review	
General Ledger – TMO Managed Accounts System	Barbara Matthews	Rupa Bhola	Two/Three	Full Review	Full Review			Full Review			Full Review			Full Review	
Accounting Systems - TMO Company Great Plains	Barbara Matthews	Rupa Bhola	Two/Three	Full Review	Full Review			Full Review			Full Review			Full Review	
Budget Setting and Budgetary Control	Barbara Matthews	Rupa Bhola	Three/Four						Full Review				Full Review		
Home Ownership															
Leasehold Service Charges															
Consultation	Barbara Matthews	Daniel Wood	Four		Full Review			HLR			Full Review				Full Review
Income / Debt recovery	Barbara Matthews	Daniel Wood	Two/Three		Full Review	Full Review		Full Review			Full Review				Full Review
Estimates / Final Accounts	Barbara Matthews	Daniel Wood	Two/Three		Full Review	HLR	Full Review			Full Review			Full Review		
Major Works															
Consultation	Barbara Matthews	Daniel Wood	Four		Full Review			HLR			Full Review				Full Review

KCTMO- Strategic Audit Plan

Appendix 3

Service Area	Key Client	Manager	Frequency Years	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Income / Debt recovery	Barbara Matthews	Daniel Wood	Two/Three		Full Review	Full Review		Full Review		Full Review			Full Review		
Estimates / Final Accounts	Barbara Matthews	Daniel Wood	Two/Three		Full Review	HLR	Full Review			Full Review			Full Review		
Operations															
Rents / Income Team	Sacha Jevans	Kiran Singh	Two		Full Review		Full Review		HLR		Full Review		HLR	Full Review	
Repairs inc Voids Management and Larger Repairs / Decants	Sacha Jevans		Two		Full Review	Full Review	Follow Up	HLR	(see Repairs Direct)						
Contract Register (inc. Spend analysis)	Robert Black Sasha Jevans	Fola Kafidiya Ernest Raw	Two/Three									Full Review			
Repairs Direct-Process review and Performance Management	Sasha Jevans	Graham Webb	Two/Three						Full Review			Full Review			Full Review
Housing Management	Sacha Jevans	Teresa Brown	Four/Five				Full Review				Full Review				Full Review
Community Alarm System	Sacha Jevans	Teresa Brown	Four/Five		Full Review					Full Review					Full Review
Cleaning Contract	Sacha Jevans	Dominique Davis	Four/Five			Full Review					Full Review				
Parking – Residents Permits	Yvonne Birch	John Parrott	Four/Five				Full Review						HLR		

KCTMO- Strategic Audit Plan

Appendix 3

Service Area	Key Client	Manager	Frequency Years	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Garage Lettings	Sacha Jevans	Teresa Brown	Four/Five				Full Review					Full Review			
Procurement Governance and Management	Sacha Jevans	Ernest Raw	Three/Four			Full Review				Full Review			Full Review		
Asset Investment and Engineering															
Capital Programme	Sacha Jevans	Peter Maddison	Three	Full Review			Full Review		Full Review			Full Review			Full Review
Electrical maintenance and Safety Checks	Sacha Jevans	Peter Maddison	Four/Five									Full Review			
Lift Maintenance	Sacha Jevans	Peter Maddison	Four/Five			Full Review					Full Review		Procurement Review		Full Review
Asset Management	Sacha Jevans	Peter Maddison	Four/Five			Full Review					Full Review				Full Review
Gas Maintenance and Safety Checks	Sacha Jevans	Peter Maddison	Three		Full Review					Full Review			Full Review		
Framework Contracts - Procurement	Sacha Jevans	Peter Maddison	Two/Three								(new)	Full Review		Full Review	
People and Performance															
Payroll / Personnel	Yvonne Birch	Jan Lester	Two/Three	HLR	Full Review	Full Review	Follow Up			Full Review		HLR	Full Review		HLR
Health and Safety	Barbara Matthews	Janet Seward	Three		Full Review			Full Review	Follow up		Full Review			HLR	
Complaints Management	Yvonne Birch	Joanne ??	Four/Five		Full Review			Full Review					Full Review		

KCTMO- Strategic Audit Plan

Appendix 3

Service Area	Key Client	Manager	Frequency Years	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20
Residents Engagement	Yvonne Birch	Janet Edwards	Four/Five				Full Review					Full Review			
CEO															
Business Continuity	Yvonne Birch	?	Two/Three			Full Review			Full Review			Full Review			Full Review
Risk Management	Barbara Matthews	Janet Seward	One/Two			HLR			HLR		Full Review		HLR		
Corporate Governance	Robert Black	Fola Kafidiya	One/Two		HLR	Full Review	Follow Up/HLR	HLR		Full Review		Full review		HLR	
IT															
IT Strategy	Barbara Matthews	Nurul Miah	Three			Full Review			HLR			HLR			Full Review
Disaster Recovery	Barbara Matthews	Nurul Miah	One/Two			Full Review		Full Review		Full Review			Full Review		
Data Security including EDMS	Barbara Matthews	Nurul Miah	Two/Three				Full Review			Full Review			Full Review		
Network Security	Barbara Matthews	Nurul Miah	Two/Three		Full Review			Full Review			Full Review			Full Review	
Server Infrastructure	Barbara Matthews	Nurul Miah	Three		Full Review			Full Review				Full Review			Full Review
Great Plains	Barbara Matthews	Nurul Miah/Rupa Bhola	Three										Full Review		
Open Contractor	Barbara Matthews	Nurul Miah /Graham Webb	Three								(new)	Full Review			Full Review
Academy Housing M'ment	Barbara Matthews	Nurul Miah/ ?	One/Two				Full Review			Full Review			Full Review		

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

<b>Confidential</b>	
<b>For Discussion</b>	
<b>Board Report 26 May 2016</b>	
<b>Report title:</b>	Budget Monitoring April – March 2016
<b>Authority for decision:</b>	The Board has overall responsibility of monitoring the outturns against the annual budget.
<b>Recommendations:</b>	It is recommended that the Board consider the contents of this report and upon due consideration note the report.
<b>Regulatory/legal requirements:</b>	The Board have legal responsibility of ensuring the organisation resources are used in accordance with the budget and business plan.
<b>Business Plan link:</b>	Being competitive and increasing our income.
<b>Equality Impact Assessment/comment:</b>	None required.
<b>Resident consultation:</b>	None required.
<b>Resource implications/VFM statement:</b>	This is the subject of the report.
<b>Risk:</b>	
<b>Appendices:</b>	6
<b>Total number of pages including appendices:</b>	16
<b>Name, position and contact details of author:</b>	<b>Rupa Bhola Assistant Director of Finance</b>

## 1. Purpose of the Report

The purpose of this report is to update the Board on the financial position of the Company, its subsidiary and the HRA for the 2015/16 financial year.

## 2. Summary - Group

The net overall position of the Group (subject to audit) will be as such:

	£000's
TMO Company	36
Repairs Direct	160
<b>Group Surplus</b>	<b>196</b>

## 3. Introduction

The Company budget reported in this paper is based on the 2015/16 annual budget.

The outturn (shown in Appendix 1) at the end of the financial year 2015/16 is a £36k surplus which is in line with the budget for the year.

## 4. Income

For the year, total income was £133k above budget. This increase has largely arisen from the £87k provided from RBKC for two Neighbourhood Support Officer posts undertaking additional duties that were previously within RBKC, thus offset within staff costs. There is also a £34k increase in CAS income due to an inflationary increase on the supporting people funding and higher recharges for equipment offset by the additional expenditure on the same. Other income is also £39k above budget with the recharge to RBKC for parking project costs within this category.

Similarly to previous financial years, TMO has recovered £255k of its legal costs. This is £15k below budget however this is a small negative variance and is accompanied by the overall savings made in legal costs of £50k.

## **5. Expenditure**

### **5.1 Staff Costs**

For the year total salary and agency staff costs were £9,534k compared to the budget of £9,524k. This is only a negative variance of £10k. The agency costs are arising from the need to cover vacant posts, maternity and long term sickness. Staff salaries include the additional funded Neighbourhood Support Officers for which additional funding has been received from RBKC.

Staff related costs were overspent by £87k however this reflects the recruitment costs related to senior posts and a drive to recruit the full establishment of customer service staff during 2015/16. Within this figure is a £10k overspend on staff leaning and development reflecting the organisations commitment to improving staff skills, working environment and motivation.

### **5.2 Other Costs**

Total Other Costs at the end of the financial year are £4,221k, £36k over budget. Some of the areas where additional expenditure has been incurred are accommodation costs with higher service charges at one office due to works undertaken by the landlord and the cost of terminating a lease of a storage unit at the Network Hub office.

CAS service costs are higher than budgeted but these costs have been recovered through additional equipment recharges reflected in the additional income.

Communication and Publication costs include additional expenditure for works undertaken to launce the TMO's new values campaign and the costs of rent and service charge notifications for tenants and leaseholders. A number of additional mailshots were needed in 2015/16 contributing to the higher costs. ICT service costs have been impacted by the withdrawal of discount by Microsoft for our organisation category and the additional software support costs for CRM and undertaking some remedial works to the server infrastructure.

Service delivery also includes additional expenditure for works undertaken in relation to the TMO's tax status which has resulted in the company reclaiming tax paid to HMRC. Some of the additional audit costs also relate to the changes to the format and template of the financial accounts arising from new accounting regulations coming into effect.



Included here are also costs associated with the cleaning, upkeep and advertising of the community rooms. These are being offset by the hire fees income being generated.

Legal costs are £57k below budget overall. This reflects the reduction in use of legal services to assist in debt collection.

## **6. Balance Sheet as at 31st March 2016 - Before Corporation Tax but Post FRS17 Adjustment (Appendix 2)**

- 6.1** Current Assets – A decrease of £837k from the yearend balance. This is mainly accounted for by the decrease in cash held. Last year's high balance arose from the early payments received from RBKC in anticipation of a busy period on the new tri-borough finance system due to yearend. Now the payments have returned to a normal schedule
- 6.2** Cash at bank and in hand – An decrease of £673k from the yearend balance explained above (Current Assets).
- 6.3** Trade creditors – An increase of £250k since 31st March 2015. The increase is merely due to the timing of the final payment run for the month.
- 6.4** Defined benefit pension scheme liability – The value is based on the FRS17 report dated 31st March 2015.

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

### **7.1 Summary**

The Company's budget reported in this paper is based on the 2015/16 annual budget.

The Company has an outturn of £162k surplus which is £2k above the budgeted surplus for the financial year 2015/16. As expected and reported during the year, the outturn was bought in line with the forecasted surplus of £160k by yearend.

Staff costs are under budget by £218k and includes the costs of interim management which was in place during the earlier part of the year.

Reduced operational costs are expected from the new management team and structure through efficiency savings. The new structure and processes are aimed at bringing more of the void works in house which will in turn reduce the subcontractors' costs. These changes have largely taken place and should stand Repairs Direct in a good position for the year ahead.

## **7.2. Profit and Loss (Appendix 3)**

The yearend surplus is £162k which is £2k better than the budgeted surplus for the year.

There is still significant staff turnover and there is a continued need to rely on agency staff and consultants while the new structure was put in place.

An alternative to the current SOR model was agreed and implemented. This is based on charging out the fixed overheads and profit on a monthly basis (one twelfth of the total per month) and charging for the variable cost of materials and subcontractor costs applied to each job as incurred. This has improved efficiencies and reduced the administrative burden on the company.

## **7.3. Income**

Actual income was £487k above budget.

The income for responsive repairs is £560k higher than the revised budget due to high value works carried out for community rooms, door entry systems and fire risk assessments.

The income for voids work is £75k ahead of revised budget where higher value, larger jobs have been completed in the year.

Aids and Adaptations works are £37k for the year which is £133k below budget. This is due to the adaptations works that have been required being of a specialist nature whereas currently the company is undertaking the smaller unspecialised jobs only.

## **7.4 Expenditure**

### **7.4.1 Staff Costs**

Actual Staff costs are £218k below budget.

This is mainly due to the structure not being fully established. The new Managing Director has been recruited and is currently undertaking recruitment to senior positions within the company. In the meantime our reliance on subcontract operatives has continued above expected levels. We want to ensure vacancies are filled by permanent staff with the required skill sets and to achieve the right trade mix to maximise productivity of the operatives.

## 7.4.2 Other Costs

Other costs are £703k above budget.

Subcontractor's costs have £720k adverse variance. This is due to the delay earlier in the financial year, in recruiting permanent operatives and now the urgency to complete outstanding jobs before the yearend.

Some of this adverse variance was off-set by savings in other areas such as payroll costs of £218k and vehicle costs £21k. The amount of £352k is attributed to the works for community rooms and fire risk assessment, which have all brought in additional income as mentioned above. This cost is being closely monitored and is expected to drop in the 2016/17 financial year as per the approved budget.

## 7.5 Balance Sheet as at 31st March 2016 (Appendix 4)

**7.5.1 Current Assets** – A decrease of £469k from the yearend balance. This is mainly accounted for by the decrease in accrued income at year end.

**7.5.2 Cash at bank and in hand** – A decrease of £142k from the yearend balance. The current balance stands at £170k. Reflects payment of £100k repaid to TMO.

**7.5.3 Trade creditors** – An increase of £211k since 31st March 2015. Weekly payment runs ensure the creditors are paid in line with credit terms, the balance represents the amount that was not yet due for payment within the 30 days credit terms from suppliers.

**7.5.4 Loan from KCTMO** – A decrease of £101k reflecting repayment made during the year.

## 8. HRA Managed Budgets (Revenue) (Appendix 5)

The revised budget for 2015/16 is a net income of £39.224 million, split between budgeted expenditure of £19.555 million and budgeted income of £58.780 million. The overall forecast is a net income of £40.740 million, a £1.515 million positive variance.

### 8.1 Total Income

**8.1.1** The revised budget shows an income of £58.780 million against the outturn of £58.012 million which is a negative variance of £767k.

- 8.1.2 Income from dwellings is £276k more than budgeted. This variance is mainly due to the budget being based on a 52 week period, whereas actual income relates to 366 days, reflecting 2016 being a leap year.
- 8.1.3 Income from Tenants service charges is £67k more than budgeted. This variance is partly due to the budget being based on a 52 week period, whereas actual income relates to 366 days, reflecting 2016 being a leap year.
- 8.1.4 Income from leaseholder service charges is £191k less than assumed in the budget. This is due to refunds made to leaseholders on the Lancaster West and Portobello Court estates for heating and hot water charges made in previous years.
- 8.1.5 Income from heating and hot water charges is £815k less than assumed in the budget. This is due to refunds made to tenants on Lancaster West and Portobello Court estates for heating and hot water charges made in previous years.
- 8.1.6 Income from Commercial Properties is £71k less than budgeted. This is mainly due to the level of vacant properties being greater than was assumed in the budget.

## **8.2 Total Expenditure**

- 8.2.1 The revised budget shows expenditure of £19.555 million against the outturn of £16.753 million.
- 8.2.2 Planned Maintenance has underspent by £1.140 million. This variation had been forecast and comprises:

External Decorations – an underspend of £765k in the current financial year as a result of slippage. On site operations had halted due to the contractor going into liquidation in July 2015. This has impacted the delivery of the programme of works scheduled for 2015/16.

Rewiring Works – an underspend of £205k reflecting a lower level of works needing to be undertaken and the majority of works undertaken being of a capital nature and therefore charged to the Capital Programme.

Central Programmed Heating work – an underspend of £104k due to a full asset survey being undertaken by the new communal heating contractor which enabled a more appropriate works program to be implemented.

Drainage Works – an underspend of £91k. This is because the majority of works were undertaken as part of responsive repairs.

8.2.3 Aids and Adaptations – an underspend of £42k. Some of the works are of a capital nature and have been charged to the Capital Programme.

8.2.4 Electricity, Heating and Hot Water - an underspend of £1.412 million. This comprises:

(i) The release of provisions for energy provided at Lancaster West and Portobello Court Estates. Each year, the annual accounts have included accruals for energy invoices yet to be received. Six years have now elapsed since the energy relating to these provisions was provided at the two estates, so statutory limitations now apply and the energy providers are unable to pursue the Council. This has reduced expenditure in year by £1.086 million. Charges were made to tenants and leaseholders on the assumption that invoices would be received;

(ii) A reduction in expenditure due to lower than assumed consumption £81k and

(iii) Credit notes totalling £245k have been received for energy supplied in 2014/15 across a number of sites. The actual readings were lower than the estimated readings used for billing purposes. This issue has only recently been resolved, however, the issue was anticipated when charges for tenants were set and average usage was assumed when determining the charges.

The accuracy of energy bills continues to be a problem. Invoices relating to the Worlds End Estate are believed to be understated and an accrual for unbilled energy has been included in the 2015/16 accounts.

8.2.5 Provision for Bad and Doubtful debts – the provision required is £240k less than the revised budget. This reflects the steady level of overall debt and collection rates being maintained.

## **9. HRA Managed Budgets (Capital) (Appendix 6)**

### **9.1 Capital Programme**

The approved budget for 2015/16 was £14 million, with the revised budget for the year at £11.5 million, the difference of £2.5 million was added to the budget for 2016/17.

Actual spend for the financial year is £11.846 million, which is a £315k overspend compared to the revised budget. The overspend for 2015/16 will be reduced from the 2016/17 budget.

## **9.2 Regeneration and Hidden Homes**

The total project budget is £11.943 million and forecasted expenditure for the schemes listed in 2015/16 is £7.253 million. Actual total project expenditure in 2015/16 was £6.520 million.

## **10 HRA Debt**

**10.1 Tenant Debt** – There is a decrease in the tenant debt balance by £186k. The decrease is due to the work undertaken by the income team to ensure debt levels continue to reduce.

**10.2 Leaseholder Service Charges and Major Works** – The overall debt has increased by £438k (Service Charges a reduction of £104k, Major Works an increase of £541k). Collection levels have been maintained and payment plans have also been arranged to continue to help overall service charge debt. The Major Works debt balance reflects the quarterly charges applied to the accounts on the 25<sup>th</sup> March 2016 for the schemes where the work is to be undertaken in 2016/17, thus the collection will be in the first quarter of the new financial year.

## **11. Recommendation**

The Board is asked to note the recommendation on the first page of this report.

**KENSINGTON & CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED**  
Income and Expenditure Report for the month ended 31st March 2016

Appendix 1

All figures in £000s		YEAR TO DATE			
DESCRIPTION		Budget 2015/16 £k	Actual £k	Variance from Budget £k	% Variance
		I	J	K(J-I)	E(D/A)
Managment Fees		10,703	10,790	87	1%
Capital Programme Fee		841	841	0	0%
CAS Income		486	520	34	7%
Legal Costs Recovered		270	255	(15)	-6%
Other Income		1,191	1,230	39	3%
Digital TV Income		480	470	(10)	-2%
<b>TOTAL INCOME</b>		<b>13,971</b>	<b>14,104</b>	<b>133</b>	<b>1%</b>
Staff Salaries		(9,524)	(8,594)	930	10%
Agency costs		0	(940)	(940)	-100%
Staff Related Costs		(236)	(324)	(87)	-37%
<b>TOTAL PEOPLE COSTS</b>		<b>(9,760)</b>	<b>(9,858)</b>	<b>(98)</b>	<b>-1%</b>
Accommodation		(819)	(831)	(12)	-1%
CAS Service Costs		(86)	(106)	(21)	-24%
Communication & Publication		(144)	(201)	(57)	-40%
Consultants		(145)	(120)	25	17%
Depreciation		(390)	(327)	63	16%
Digital TV		(480)	(470)	10	2%
Facilities Costs		(156)	(174)	(18)	-12%
ICT Service Costs		(607)	(666)	(59)	-10%
Legal Costs (Non SLA)		(355)	(358)	(3)	-1%
Legal Costs (SLA)		(270)	(210)	60	22%
Service Delivery		(427)	(450)	(23)	-5%
SLA Costs (excluding Legal)		(298)	(297)	0	0%
<b>TOTAL OTHER COSTS</b>		<b>(4,175)</b>	<b>(4,211)</b>	<b>(36)</b>	<b>-1%</b>
<b>Surplus/(Deficit) before Tax ex Lanc West</b>		<b>36</b>	<b>36</b>	<b>(0)</b>	<b>-1%</b>



**KENSINGTON & CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED**  
BALANCE SHEET as at 31st March 2016

Appendix 2

	As at 31st Mar 2016 £k	As at 31st Mar 2015 £k	Movement £k
<b>BALANCE SHEET</b>			
<b>FIXED ASSETS</b>			
Tangible assets	853	1,040	(187)
<b>CURRENT ASSETS:</b>			
Trade debtors	60	45	15
Other debtors	0	297	(297)
Prepayments and accrued income	594	375	219
Investment In Repairs Direct	557	658	(101)
Cash at bank and in hand	1,679	2,352	(673)
	<u>2,890</u>	<u>3,727</u>	<u>(837)</u>
<b>LIABILITIES:</b>			
Trade creditors	382	133	250
Corporation tax	0	57	(57)
Other taxes and social security	172	649	(477)
Other creditors	144	19	125
Accruals and deferred income	756	1,811	(1,055)
	<u>1,454</u>	<u>2,670</u>	<u>(1,215)</u>
<b>NET CURRENT ASSETS</b>	1,436	1,057	378
<b>NET ASSETS</b>	2,289	2,097	191
Defined benefit pension scheme liability	(6,408)	(9,370)	2,962.00
<b>TOTAL NET LIABILITIES</b>	<u>(4,119)</u>	<u>(7,273)</u>	<u>3,153</u>
<b>CAPITAL AND RESERVES:</b>			
Reserves brought forward	2,097	2,097	-
Surplus/(deficit) for the year	191		191
	<u>2,289</u>	<u>2,097</u>	<u>191</u>
Defined benefit pension scheme liability	(6,408)	(9,370)	2,962.00
<b>Members' funds</b>	<u>(4,119)</u>	<u>(7,273)</u>	<u>3,153</u>

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

APPENDIX 3

Amounts in £'000s	YEAR TO DATE			
DESCRIPTION	Variance from			
	Budget 2015-16 £k	Actual YTD £k	Budget £k	% Variance
	I	J	K(J-I)	E(K/I)
DTD Income	3,900	4,460	560	14%
Capital Income	330	314	(16)	-5%
Voids Income	1,000	1,075	75	8%
Electrical Works	200	202	2	100%
Aid & Adaptations Income	170	37	(133)	-79%
<b>TOTAL INCOME</b>	<b>5,600</b>	<b>6,087</b>	<b>487</b>	<b>9%</b>
Staff Salaries	(1,233)	(1,050)	183	15%
Agency costs	(587)	(528)	59	10%
Staff Related Costs	(43)	(67)	(24)	-56%
<b>TOTAL PEOPLE COSTS</b>	<b>(1,863)</b>	<b>(1,645)</b>	<b>218</b>	<b>12%</b>
Accommodation	(20)	(20)	(0)	-0%
Communication & Publication	(3)	(3)	0	0%
Consultants	(20)	(47)	(27)	-134%
Depreciation	(77)	(77)	0	0%
Corporate Insurance	(9)	(14)	(5)	-63%
ICT Service Costs	(76)	(73)	3	4%
Legal Costs (Non SLA)	(14)	(1)	14	96%
Service Delivery	(45)	(18)	27	60%
Salary Recharges from TMO	(407)	(407)	0	0%
Subcontractor Costs	(2,225)	(2,945)	(720)	-32%
Materials Costs	(462)	(477)	(15)	-3%
Vehicles Costs	(219)	(198)	21	10%
<b>TOTAL OTHER COSTS</b>	<b>(3,577)</b>	<b>(4,279)</b>	<b>(703)</b>	<b>-20%</b>
<b>Surplus/(Deficit) before Tax</b>	<b>160</b>	<b>162</b>	<b>2</b>	<b>1%</b>

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

Appendix 4

Description	As at 31st Mar 2016 £k	As at 31st Mar 2015 £k	Movement £k
<b>FIXED ASSETS</b>			
Tangible assets	180	257	(77)
<b>CURRENT ASSETS</b>			
Trade debtors	522	157	365
Other debtors	0	0	0
Prepayments and accrued income	51	743	(692)
Stock	7	7	0
Cash at bank and in hand	170	313	(142)
	751	1,220	(469)
<b>LIABILITIES</b>			
Trade creditors	237	26	211
Other taxes and social security	90	289	(198)
Corporation Tax	17	17	0
Other creditors	0	0	0
Accruals and deferred income	24	645	(621)
	369	977	(608)
<b>NET CURRENT ASSETS</b>	381	243	139
<b>NET ASSETS</b>	562	500	62
Loan from KCTMO	525	626	(101)
<b>TOTAL NET LIABILITIES</b>	36	(126)	163
<b>CAPITAL AND RESERVES</b>			
Reserves brought forward	(126)	(126)	(0)
Surplus / (deficit) for the year	162	-	162
	36	(126)	163

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

HRA - INCOME/EXPENDITURE MONITORING REPORT  
FOR THE PERIOD ENDING 31st March 2016

## Appendix 5

	YEAR TO DATE			
	Revised Budget 2015/16 £k	Actual £k	Variance From Budget £k	% Variance
HRA MANAGED BUDGETS	A	C	E (B-A)	F (C/B)
Dwelling Rents	43,852	44,129	276	1%
Tenant Service Charges	4,337	4,404	67	2%
Leaseholder Service Charges	4,611	4,421	(191)	-4%
Heating & Hot Water Charges	1,841	1,027	(815)	-44%
Commercial Properties Rent Income	3,189	3,118	(71)	-2%
Garage Rent Income	872	853	(19)	-2%
Other Charges for Services & Facilities	64	49	(15)	-24%
Supporting People Contract Income	13	13	0	0%
<b>Total Income</b>	<b>58,780</b>	<b>58,012</b>	<b>(767)</b>	<b>-1%</b>
Rents, Rates, Taxes & Other Charges	(170)	(161)	10	6%
Planned Maintenance	(5,022)	(3,882)	1,140	23%
Responsive Maintenance	(5,895)	(5,905)	(10)	-0%
Planned Responsive Repairs	(125)	(83)	42	34%
Electricity, Heating & Hot Water	(3,356)	(1,944)	1,412	42%
Provision for Bad and Doubtful Debts	(423)	(183)	240	57%
Legal Costs	(218)	(210)	7	3%
Contract Cleaning	(2,303)	(2,335)	(32)	-1%
Pest Control	(244)	(264)	(20)	-8%
Refuse Collection	(157)	(173)	(16)	-10%
General Management	(758)	(759)	(1)	-0%
Supporting People Expenditure	(220)	(226)	(6)	-3%
Digital TV Costs	(465)	(463)	2	1%
Area Revenue Works	(199)	(166)	33	17%
<b>Total Expenditure</b>	<b>(19,555)</b>	<b>(16,753)</b>	<b>2,802</b>	<b>14%</b>
<b>Transfer To/From Reserves (HRA)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>Net Income/(Expenditure)</b>	<b>39,224</b>	<b>41,260</b>	<b>2,035</b>	<b>5%</b>

**KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION LIMITED**  
**HRA - CAPITAL PROGRAMME MONITORING**  
**FOR PERIOD ENDED 31st March 2016**

**Appendix 6**

PROJECT NAME	Revised Budget 2015-16 £	Actual £
(FR) SOUTH - Internal Works (Kitchens, Bathrooms, Electrics, Heating)	3,185,502	3,184,809
(FR) NORTH - Internal Works (Kitchens, Bathrooms, Electrics, Heating)	4,352,923	4,242,326
(FR) SOUTH - Capitalised External Repairs and Redecoration	34,479	77,144
(FR) NORTH - Capitalised External Repairs and Redecoration	100,000	121,733
(FR) Major Aids and Adaptations	-	-
(FR) Adair Tower - Fire Reinstatement works	165,516	154,876
(FR) Walnut Tree House - Waterproofing and landscaping works	8,400	8,400
(FR) Holmefield House - Pipework Renewal	-	12,000
(FR) Cremorne Estate - Fire Stopping	3,000	3,000
Aids and Adaptations (Non Framework)	690,394	857,651
Door Entry Systems - Upgrade	52,540	74,919
155 Notting Hill Boundary Wall	695	695
18 Pembridge Square - Structural works	15,115	7,965
Trellick Tower - phase 6 - Services	39,930	38,280
Trellick Tower - phase 7 - External Fabric	39,148	41,084
Communal Electrics	99,339	47,821
Domestic Electrics	165,355	121,419
Communal Heating Upgrades	-	52,845
Lift Renewal Programme	86,966	100,466
Individual Boiler Replacements	101,018	100,747
Fire Risk Assessments	89,878	119,419
Environmental Improvements	617,984	643,367
Lancaster West - Garage Door	108,888	93,057
Lancaster West - Replacement of boiler chimney	177,714	180,364
Lowerwood Court- boiler Replacement	-	952
Capitalised Repairs	334,132	266,004
Capitalised Voids	598,592	789,084
Commercial Properties	51,500	60,645
Professional Fees	168,051	158,176
Capitalised External Redecoration Programme 2013/14 (North)	69,671	69,672
Projects Complete/in DLP	59,668	56,884
Refurbishment of Community Rooms	115,513	160,459
<b>GRAND TOTAL</b>	<b>11,531,911</b>	<b>11,846,266</b>

	TOTAL PROJECT		
	TOTAL PROJECT BUDGET £	REVISED ANNUAL BUDGET 2015- 16 £	TOTAL PROJECT TO DATE £
<b>REGENERATION AND HIDDEN HOMES</b>			
Regeneration - Grenfell Tower	10,300,000	6,453	6,004
Hidden Homes - Whistler Walk	743,000	603	506
Hidden Homes - Homefield House	50,000	47	6
Conversion - 91 Tavistock Crescent	91,000	150	4
<b>TOTAL</b>	<b>11,184,000</b>	<b>7,253</b>	<b>6,520</b>

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

APPENDIX 7

	Description		Last 3 Years			End Mar 2016 £
			End Mar 2013 £	End Mar 2014 £	End Mar 2015 £	
	Tenant		1,131,681	1,641,700	1,130,088	944,430
	Leasehold - Service Charges		1,279,928	1,344,666	1,397,316	1,293,623
	Leasehold - Major Works		1,599,319	1,478,768	986,688	1,527,959
	Total Debt		4,010,928	4,465,134	3,514,091	3,766,012

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

Leasehold - Service Charges	477,455
Leasehold - Major Works	554,416
<b>Total</b>	<b>£1,031,871</b>

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

<b>Confidential</b>	
<b>For Approval</b>	
<b>Board Report 26 May 2016</b>	
<b>Report title:</b>	Subsidiary Business Plan & Revised Financial Plan
<b>Authority for decision:</b>	The Board is responsible for approving the Business and Financial Plan for its subsidiary pursuant to the Intragroup Agreement.
<b>Recommendations:</b>	<p>It is recommended that the Board consider the contents of the report and upon due consideration, pass resolutions in the following form:</p> <p>“The Board <b>RESOLVED</b> to agree and approve the</p> <ul style="list-style-type: none"> <li>(i) Business Plan for 2016 to 2021, and</li> <li>(ii) revised Financial Plan, and 2016/17 Budget,</li> </ul> <p>for Kensington and Chelsea TMO Repairs Direct Limited (<b>RD</b>) pursuant to its rights under the Intragroup Agreement between the Company and RD.”</p>
<b>Regulatory/legal requirements:</b>	The Board has a duty to promote the success of the Company including its interest in the subsidiary.
<b>Business Plan link:</b>	To support development of customer services, maintain financial viability, and achieve business growth
<b>Resource implications:</b>	As detailed in report
<b>Risk:</b>	The key risk to the Company is the reduction or loss of revenue from its single customer (RBKC/TMO)
<b>Appendices:</b>	1
<b>Name, position and contact details of author:</b>	Graham Webb Managing Director, Repairs Direct



## **1 PURPOSE**

The purpose of this report is to set out the outline strategic 5 year business plan (2016/17 to 2020/21) for Repairs Direct.

## **2.0 BACKGROUND**

- 2.1. Repairs Direct was established, following a decision by the TMO Board in January 2013, to focus on the delivery of repairs and maintenance services to the homes managed by the TMO. The business launched in September 2013.
- 2.2. The original business plan in 2013 set out the plan for the mobilisation and establishment of the company with charging for services based on schedule of rates. In October 2015, the Board and the TMO Board approved a revised charging model for Repairs Direct. The new model is based on charging for the fixed overheads and profit on a monthly basis (one twelfth of the total annual amount) and charging for the variable cost of materials and subcontractor costs applied to each job as incurred.
- 2.3. The outturn for 2015/16 delivered the budgeted net surplus (before tax) of £160k.
- 2.4. The Repairs Direct budget for 2016/17 plans a net surplus (before tax) of £172k and was prepared with the following assumptions:
  - 1% inflation increase on turnover
  - 1% inflationary increase on subcontractor, material and transport costs.
  - 2% inflationary increase on ICT overheads including annual support costs.
  - 1% inflationary increase on remaining expenditure budgets including staff costs.
- 2.5. The operational and financial performance is directly monitored by the Repairs Direct Executive Management Team (RD EMT). The key performance indicators for Repairs Direct have been set by the TMO Board and are also monitored through the Executive Team, the Repairs Direct Board and the TMO Board.
- 2.6. Repairs Direct has improved operational performance during 2015, ending the year with all reported KPIs achieving target within the month of March.
- 2.7. Current changes arising from the new Housing Bill are likely to negatively impact on RBKC's Housing Revenue Account (HRA) which may give rise to reduced revenue for Repairs Direct. This plan includes opportunities to mitigate this risk by the introduction of new business creating revenue from other sources (and not reliant on RBKC).

### **3. BUSINESS PLAN STRATEGIC PRIORITIES**

- 3.1 The TMO vision is “our community; a great place to live” with a mission “to deliver excellent services through resident-led management”. Repairs Direct supports this vision and mission through the services it provides, its relationship with the TMO and its customers.
- 3.2 This plan sets out the key strategic priorities for Repairs Direct for the next 5 years (2016/17 to 2020/21). In setting the priorities it is important to note that providing the repairs service to its key customer RBKC is central to the business plan, and any new business proposed or gained will not reduce performance of the core service.
- 3.3 Repairs Direct 2016/17 to 2020/21 business plan strategic priorities are:
- Service Delivery - To deliver high quality, value for money repairs and maintenance service which meets the needs of our customers.
  - Growth – To grow the business by providing services to new customers.
  - Profit – To make a profit to enable the investment in resources and infrastructure.

### **4. STRATEGIC PRIORITY 1 – SERVICE DELIVERY**

- 4.1. The services need to be more responsive and customer demand led. To achieve this Repairs Direct will seek to implement the following improvements to the service:
- Providing an appointment system that responds to the customer’s convenience. This would include offering 2 hour appointment slots including evenings and weekends.
  - Providing more appointments attended by direct operatives and reducing the use of sub contractors. This will provide greater control over quality and improved assurance for our residents by providing a well trusted and familiar service.
  - Providing on line secure self service facilities for our customers, including booking a repair and tracking progress.

### **5. STRATEGIC PRIORITY 2 – GROWTH**

- 5.1 Repairs Direct will develop services to grow the business for paying customers. These may include:
- Landlord services;
  - Leaseholder services;
  - Handyman service;
  - Non housing repairs contracts;
  - Private market services;
  - Out of Borough opportunities.

- 5.2 Landlord Services: Of the 2,600 RBKC leaseholders, approximately 50% of homes are sub-let. Each time a private landlord re-lets a property, an Energy Performance Certificate is required to be issued by a qualified assessor. In addition, the landlord is required to provide annual gas safety and electrical inspections as well as retaining responsibility for repairs and maintenance of the property. As the TMO has existing transactional relationships with these landlords, there is an opportunity to offer these services via Repairs Direct, on a chargeable basis, for properties leased from RBKC and to other landlords across the Borough.
- 5.3 Leaseholder Services: Repairs Direct is often approached by RBKC leaseholders, requesting a repairs, improvement and maintenance service. As these are locations where Repairs Direct Operatives are familiar with the buildings and infrastructure this would present a 'known' market opportunity.
- 5.4 Handyman: Requests are received from tenants for services not included in tenancy agreements, for example, interior decoration, hanging shelves or curtain poles. There is an opportunity to offer a chargeable service to tenants in properties managed by the TMO and known by Repairs Direct.
- 5.5 Non housing repairs contracts: the business will look at potential options for external repairs and maintenance services that are non-housing. This could include schools, NHS, and any other non housing opportunities.
- 5.6 Private market services: Having developed the a competitive service offering based on price and quality service, implemented transaction handling and grown the capability to deliver paid for services across a range of customers, the business should then be open to offering repairs and maintenance support to private households in the local area.
- 5.7 Out of Borough opportunities. Gaining experience of offering the different services outlined above will enable Repairs Direct to consider growth opportunities outside of the Borough.
- 5.8 To support the provision of services and to enable cost efficiencies in the future, Repairs Direct will review opportunities to invest in or purchase existing companies in related service areas (maybe offering specialist services such as scaffolding or gas safety inspections).

## **6. STRATEGIC PRIORITY 3 – PROFIT**

- 6.1. Repairs Direct needs to make a profit to maintain viability and to be able to invest in resources and the infrastructure to improve the service and to support growth. Investment in this plan will include:
  - Development of existing software, transaction handling capabilities and hardware;
  - Development of the website and self service facilities for customers;
  - Additional staff to project manage mobilisation of the new services;
  - Staff training to enhance skills and capacity;

- Additional operatives with new/different skills to deliver the new services;
- Development of an apprenticeship scheme including a work placement scheme for school children;
- Obtain health and safety, quality and environment accreditations to support the winning of new business;

6.2. The summary year 1 investment plan is set out below:

**Table 1: Investment Plan 2016/17**

	<b>Capital cost £k</b>	<b>Revenue/ Operating cost £k</b>
IT systems	60	
Transaction handling systems	15	
Staffing: Administrator		17
Project Management		30
Staff training		5
Research, marketing, legal costs		20
<b>Total investment for 2016/17</b>	<b>75</b>	<b>72</b>

## **7. FINANCIAL PLAN SUMMARY**

- 7.1. As a result of the changes in the Housing Bill and pressure from RBKC to reduce costs, the business plan assumes that future revenue from RBKC will reduce by 2% per year through the life of this plan. The plan also includes target growth of new revenue streams achieving no more of 30% of business revenue from new sources by 2021. This is to ensure that the core business to provide the repairs service for RBKC owned/TMO managed properties is not compromised by new external income streams.
- 7.2. The table below is a high level summary of the financial plan for the duration of this business plan. During 2016/17 the financial impact on the business plan of the priorities outlined above will be determined, modelled and stress tested to ensure Repairs Direct has capacity and financial viability to support its aspirations.

**Table 2: Summary financial plan 2016/17 to 2020/21**

	2015/16 Actual* £k	2016/17 Original Budget £k	2016/17 Revised Budget £k	2017/18 Projected £k	2018/19 Projected £k	2019/20 Projected £k	2020/21 Projected £k
<b>Income</b>							
RBKC income	6,085	5,600	5,600	5,488	5,378	5,271	5,165
Other income	-	-	56	278	500	1,000	1,500
<b>Total income</b>	<b>6,085</b>	<b>5,600</b>	<b>5,656</b>	<b>5,766</b>	<b>5,878</b>	<b>6,271</b>	<b>6,665</b>
<b>Costs</b>							
Direct staff	1,637	1,943	1,913	2,105	2,175	2,477	2,766
Sub-contractors	2,945	1,883	1,883	1,820	1,770	1,710	1,650
Materials	435	557	568	587	610	674	739
Transport	197	221	221	228	232	248	263
Overheads	711	824	911	848	864	922	980
<b>Total costs</b>	<b>5,925</b>	<b>5,428</b>	<b>5,526</b>	<b>5,588</b>	<b>5,651</b>	<b>6,031</b>	<b>6,398</b>
<b>Net surplus (before tax)</b>	<b>160</b>	<b>172</b>	<b>130</b>	<b>178</b>	<b>227</b>	<b>240</b>	<b>267</b>

\* 2015/16 Actuals are provisional results subject to audit and final adjustment

## **8. ACTION PLAN – 2016/17 TO 2020/21**

- 8.1. Appendix 1 attached provides the 5 year action plan to support the business plan.
- 8.2. Appendix 2, 3 and 4 are the detailed plans that set out the measures of success, outputs and key risk for three strategic priorities for service delivery, growth and profit.

## **9. RECOMMENDATION**

- 9.1. The Board is asked to agree to the recommendations on the first page of this report.

CONFIDENTIAL

Appendix 1

Action Plan

Strategic Priorities	Strategic Objectives	Actions	By When
1. Service Delivery	Providing an appointment System that responds to the customer's convenience.	Establish a project team to deliver pilot for 2 hour appointment slots and evening and weekend appointments.	Quarter 3 16/17
		To implement new appointment system following the reviewed pilot.	Quarter 1 17/18
	Providing more appointments attended by direct operatives and reducing the use of sub contractors.	Increasing operative productivity and develop skills mix	Quarter 2 16/17
		To reduce sub contracted works to less than 30% by job volume.	Quarter 4 16/17
		To reduce sub contracted works to less than 20% by job volume.	Quarter 4 18/19
	Providing on line secure self service facilities for our customers.	Establish a project team to develop system capabilities to support new business and pilot digital access and self service options.	Quarter 2 17/18
		Migrating tenants to provide the same service	Quarter 4 17/18
	2. Growth	Develop services to grow the business for paying customers.	Quarter 2 16/17
		Develop and launch agreed paid-for services to leaseholders	Quarter 4 16/17
		Develop and launch agreed paid-for services to landlords	Quarter 2 17/18
		Develop and launch agreed paid-for services to tenants	Quarter 2 17/18
		Undertake detailed market study to understand opportunities in schools, health centres and other non housing options within borough	Quarter 4 16/17
		Pilot non-housing option	Quarter 4 17/18
3. Profit	Make a profit to maintain viability and invest in resources and infrastructure	Invest in systems, infrastructure and hardware to support launch of new products and services	Quarter 4 16/17
		Invest in staffing, training and development activities, to attract and retain the optimal volume and quality	Quarter 4 16/17
		Invest in development of HSEQ systems and processes to secure ISO, or equivalent, accreditations	Quarter 2 18/19
		Attain appropriate accreditations	Quarter 4 18/19





<b>Improvement objective.</b>		<b>Provide a personalised customer focussed, efficient and effective repairs service</b>			
<b>Objective Manager</b>	<b>Sacha Jevans</b>	<b>Lead Officer</b>	<b>Graham Webb</b>	<b>Completion date</b>	<b>March 2018</b>
<b>Link to strategic objective(s):</b> <ul style="list-style-type: none"> <li>• Service Delivery</li> <li>• Growth</li> <li>• Profit</li> </ul>					
<b>Key risks</b> <ul style="list-style-type: none"> <li>• Quality of ICT infrastructure and support</li> <li>• Ability to recruit and retain a high quality trade workforce</li> <li>• Budget constraints create pressure on meeting targets</li> </ul>			<b>Risk strategies</b> <ul style="list-style-type: none"> <li>• Develop an robust ICT scope, specification, testing and implementation plan</li> <li>• Robust recruitment, supervisory and probationary arrangements to ensure the quality of delivery. Measurement of engagement, through Best Companies and Turnover data</li> <li>• Continually review VFM and fit, benchmarking service and cost to comparable organisations</li> </ul>		
<b>Customer / business outcomes</b> (what do you expect to achieve as a result of this action) <ul style="list-style-type: none"> <li>• Customer feedback shapes service delivery</li> <li>• Customer focused repairs and maintenance service</li> <li>• Increased customer satisfaction</li> <li>• Improved access to the repairs service for customers</li> <li>• More repairs completed on their first visit</li> <li>• Follow on work reduces</li> </ul>		<b>Measures</b> (How will you measure whether the action has been successful) <ul style="list-style-type: none"> <li>• Customer satisfaction with the repairs service remains ahead of Housemark survey average for London organisations</li> <li>• 30% RBKC tenant customers use the self-service portal to order repairs and book appointments by end 2019/20</li> <li>• Average number of days to complete a repair reduces from 15 to 8</li> </ul>		<b>Key milestones</b> (What key tasks need to be completed and by when to deliver the improvement action on time.) <ul style="list-style-type: none"> <li>• Work with customers to develop a robust service offer supported by clear service standards</li> <li>• Develop and implement online secure self-service facilities for customers to order repairs and book appointments</li> <li>• Reduce sub contracted work</li> </ul>	



Key improvement actions					
	Milestones	Completion date	Cost / Efficiencies	LO	Outputs
1	Work with customers to develop a robust service offer supported by clear service standards	September 2016		GW	Clear service stands for Repairs Direct
2	Develop a responsive customer focussed appointment system	December 2016		GW	An appointment system which has been developed around the needs of customers
3	Ensure effective communication is in place to inform customers of how and when the work will be undertaken	December 2016		GW	Customers are well on the time that it will take to carry out a repair
4	Ensure jobs are completed right first time and are followed up appropriately	March 2017		GW	A customer focussed cost effective repairs service
5	Carry out a customer journey mapping exercise for the repairs and maintenance service and act on the feedback from customers	March 2017		GW	Evaluation of the effectiveness of new service standards from a customer perspective
6	Develop and implement online secure self-service facilities for customers to order repairs and book appointments	June 2017		GW	Improved accessible services for customers
7	Increase operative productivity from 3.6 to 6 jobs per man per shift by 2018/19	March 2019		GW	A more cost effective repairs service and reduced reliance on sub contractors
8	Reduce sub contracted work to less than 30% by job volume	March 2018		GW	Increase in work undertaken in-house
9	Reduce sub contracted work to less than 20% by job volume	March 2019		GW	Increase in work undertaken in-house
10					
11					
Key outcomes achieved following project review					
1.					
2.					
3.					
4.					
5.					



<b>Improvement objective.</b>		<b>To grow the business by providing services to new customers, while maintaining the integrity and primary focus on RBKC housing assets</b>			
<b>Objective Manager</b>	<b>Sacha Jevans</b>	<b>Lead Officer</b>	<b>Graham Webb</b>	<b>Completion date</b>	<b>March 2018</b>
<b>Link to strategic objective(s):</b> <ul style="list-style-type: none"> <li>• Service Delivery</li> <li>• Growth</li> <li>• Profit</li> </ul>					
<b>Key risks</b> <ul style="list-style-type: none"> <li>• New customer demands conflict with core offering and divert management attention</li> <li>• Systems development required for new customers compromises core product support</li> <li>• Staff are confused by differing customers and costs are incorrectly apportioned</li> </ul>			<b>Risk strategies</b> <ul style="list-style-type: none"> <li>• Ensure work winning targets complementary activities and that non-RBKC activities do not account for more than 30% of total revenue</li> <li>• Focus investment on upgrades to existing systems, rather than procuring or developing new systems</li> <li>• Robust processes automate customer identification and automate cost allocation, as far as possible</li> </ul>		
<b>Customer / business outcomes</b> (what do you expect to achieve as a result of this action) <ul style="list-style-type: none"> <li>• Reliance on single customer is mitigated</li> <li>• Investments in commercially competitive product also benefit RBKC residents</li> <li>• Increased customer satisfaction</li> <li>• Reduced overhead costs to RBKC</li> <li>• Business revenue and profit growth continues, in line with business plan</li> <li>• Opportunities to consider investment or</li> </ul>		<b>Measures</b> (How will you measure whether the action has been successful) <ul style="list-style-type: none"> <li>• Up to 30% of revenue is sourced away from RBKC HRA</li> <li>• Customer satisfaction with the repairs service remains ahead of Housemark survey average for London organisations</li> <li>• Business absorbs 2% YoY reduction on RBKC funding, 2016/17 to 2020/21</li> <li>• Overall business revenue and net surplus (before tax) grows in line with approved business and financial plans</li> <li>• Sub contracted work reduces, as skill set and productivity of work force increases to 6 jobs per man per shift</li> </ul>		<b>Key milestones</b> (What key tasks need to be completed and by when to deliver the improvement action on time.) <ul style="list-style-type: none"> <li>• Research, develop and launch paid for services to Leaseholders, including those sub-letting</li> <li>• Research, develop and implement services to 3<sup>rd</sup> parties and non housing opportunities within borough</li> <li>• Reduce sub contracted work</li> </ul>	

acquisition of companies in related service areas					
Key improvement actions					
	Milestones	Completion date	Cost / Efficiencies	LO	Outputs
1	Develop proposal, including market research, for new services to deliver repairs and maintenance	September 2016	£10k	GW	Proposal taken to TMO board Sept 2016
2	Develop and launch paid for services to leaseholders	March 2017	£47k	GW	£50k of revenue secured in 2016/17
3	Develop and launch agreed paid-for services to landlords	September 2017		GW	Increase in non RBKC revenue and net surplus
4	Develop and launch paid for services to tenants	September 2017		GW	Increase in non RBKC revenue and net surplus
5	Undertake detailed market study to understand opportunities in schools, health centres and other non-housing options within borough	March 2017	£10k	GW	Proposals taken to TMO Board June 2017
6	Pilot non housing options	March 2018		GW	Increase in non RBKC revenue and net surplus
7					
8					
Key outcomes achieved following project review					
1.					
2.					
3.					
4.					
5.					
6.					



<b>Improvement objective.</b>		<b>Grow profits to maintain business viability and support further investment in resources and infrastructure to underpin service delivery and growth</b>			
<b>Objective Manager</b>	<b>Sacha Jevans</b>	<b>Lead Officer</b>	<b>Graham Webb</b>	<b>Completion date</b>	<b>March 2018</b>
<b>Link to strategic objective(s):</b> <ul style="list-style-type: none"> <li>• Service Delivery</li> <li>• Growth</li> <li>• Profit</li> </ul>					
<b>Key risks</b> <ul style="list-style-type: none"> <li>• Commercial market places pressure on non RBKC margins, diluting overall business net surplus (before tax)</li> <li>• Unfamiliarity with cash services leads to build up of customer debt</li> <li>• Work winning is slower than assumed in business and financial plan</li> </ul>			<b>Risk strategies</b> <ul style="list-style-type: none"> <li>• Ensure recruitment of robust commercial support providing effective and informed support of pricing decisions</li> <li>• Use up front payment systems for cash customers and ensure regular credit checks for corporate customers. Implement and maintain robust management processes</li> <li>• Ensure robust research prior to launch and mitigate additional cost commitment until work secured, to protect margins</li> </ul>		
<b>Customer / business outcomes</b> (what do you expect to achieve as a result of this action) <ul style="list-style-type: none"> <li>• Net surplus in reduces initially then returns over term of business plan</li> <li>• Investments in systems enable service development and business growth</li> <li>• Improvements in HSEQ processes secures accreditations</li> </ul>	<b>Measures</b> (How will you measure whether the action has been successful) <ul style="list-style-type: none"> <li>• Net surplus reduces to 2.6% in 2016/17 and builds to 4% by 2020/21</li> <li>• Investment in systems enables launch of paid for services, delivering £56k of new revenue in 2016/17</li> <li>• Digital self service offered to new customers in 2017/18</li> <li>• Business secures ISO or equivalent accreditations in 2018/19</li> </ul>		<b>Key milestones</b> (What key tasks need to be completed and by when to deliver the improvement action on time.) <ul style="list-style-type: none"> <li>• Investment of £75k capex and £72k opex in 2016/17</li> <li>• Processes and systems for handling non RBKC customers, on a paid for basis, online by Q4 2016/17</li> <li>• Programme developed to build towards and secure ISO, or equivalent, accreditation by Q4 2018/19</li> </ul>		



Key improvement actions					
	Milestones	Completion date	Cost / Efficiencies	LO	Outputs
1	Develop high level programme plan for investment and development of systems in support of service delivery and growth	September 2016		GW	Proposal taken to TMO board Sept 2016
2	Invest in systems, infrastructure and hardware to support launch of new products and services	December 2016	£75k	GW	Systems ready for paid for services for non-RBKC customers
3	Invest in staffing, training and development activities, to attract and retain the optimal volume and quality	March 2017	£5k	GW	Staff volume and structure matches know RBKC demand and forecast demand for new customers
4	Invest in development of HSEQ systems and processes to secure ISO, or equivalent, accreditations	September 2018		GW	Business ready for evaluation for ISO accreditations
5	Attain ISO, or equivalent, accreditations in Health & Safety, Environment and Quality, to support work winning	March 2019		GW	ISO, or equivalent, accreditations awarded
6					
7					
8					
Key outcomes achieved following project review					
1.					
2.					
3.					
4.					
5.					
6.					

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

**PROPOSED PURCHASE OF DEFERRED SHARES IN YOUR CREDIT UNION**

**1 Introduction**

- 1.1 KCTMO is considering purchasing deferred shares in Your Credit Union (YCU).
- 1.2 YCU has provided KCTMO with its issue document in draft (Issue Document) and rules. We can see from the file held at the FCA that YCU's rules were amended on 20 June 2014 and we attach a copy for your records (together the Rules).
- 1.3 The Issue Document is a standard document that complies with section 31A of the Credit Union Act 1979. It is unlikely to be negotiable for this reason.
- 1.4 You have asked us to report on the pros and cons of buying deferred shares in YCU as a financial and / or social investment. In order to make this assessment we have summarised the rights attaching to the deferred shares based on the information available in the Issue Document and the Rules.
- 1.5 You do not require us to look at KCTMO's articles of association or its management agreement. We will just note that KCTMO's objects include:
  - 1.5.1 social investment: undertake community development with residents to improve their economic wellbeing with other agencies, carry on housing related activities, promote services to a body concerned with housing or connected matters; and
  - 1.5.2 investment: to do all things desirable to obtain KCTMO's objects.

**2 Summary**

- 2.1 YCU operates in a number of London boroughs including The Royal Borough of Kensington & Chelsea. All members must share a "common bond" which is described on the YCU website as: *for people who live, work, study or volunteer in any of the London Boroughs of Kensington & Chelsea, Westminster, Hammersmith & Fulham, City of London - together with adjoining wards*. Its beneficiaries therefore include the tenants of KCTMO. Furthermore, you have told us that there are 134 KCTMO tenants saving and borrowing with YCU together with a small number of staff. Although, this is likely to be a small proportion of YCU's membership and a small proportion of KCTMO's tenants and staff, YCU does benefit people directly connected to KCTMO. YCU's objects are community based (see Rule 3 and 6 of the Rules) so a strong social connection can be established.
- 2.2 The argument for promoting the purchase of deferred shares as a financial investment is less clear. Dividends may be paid on deferred shares in accordance with a policy developed by the YCU Board and approved by the members at the annual general meeting. We have not seen a copy of YCU's current policy and suggest you request this from YCU together with details of historic payments. The Issue Document and the Rules

defer to the policy document and so we are unable to report on the priority of payments between non-deferred and deferred shares, timing of payments or amount of past payments. It is also difficult to withdraw from membership of the credit union and recover the investment. A member may only withdraw if their membership interest is transferred to another member or if the credit union is dissolved, and in such case, the holders of deferred shares rank behind creditors and non-deferred members. There is a statement that YCU cannot otherwise redeem (i.e. pay back) the deferred shares.

### **3 Rights attaching to Deferred Shares in YCU**

#### ***Share capital***

- 3.1 As set out in the Rules, the share capital of YCU consists of non-deferred shares and deferred shares. The nominal value of all shares is £1. YCU may also issue interest bearing shares (instead of dividend bearing shares) although it is not known whether any such shares are in issue.
- 3.2 Deferred shares can be purchased in units of [one hundred] subject to a minimum purchase of [100] deferred shares. A share certificate will be used to a buyer of deferred shares as proof of ownership.
- 3.3 We do not know the number of shares in issue. This information is not available on the public record but YCU's website says it has 400 members.

#### ***Qualifications for membership***

- 3.4 Rule 7 of YCU's Rules sets out the qualifications for membership. Rule 7 was amended in June 2014. We assume KCTMO would qualify under Rule 7(c) being a corporate body located in The Royal Borough of Kensington & Chelsea. YCU may also have up to [100%] of non-qualifying members and if the number of non-qualifying members exceeds [100%] the Board of YCU can take steps to reduce this number.
- 3.5 Rule 8 states that the number of corporate members cannot exceed 10% of the total number of members, and in the event the number of members exceeds 10%, the Board shall take all steps to reduce the number of members by expelling from membership those corporate members determined by the board using a policy and procedure determined by the Board. We suggest you ask YCU to confirm that current corporate membership is below 10% and KCTMO's membership will not cause corporate membership to exceed 10%. It would be useful to see the policy and procedure so you can see what happen if corporate membership exceeds 10% after KCTMO joins – would KCTMO be at risk of being expelled? It is, though, open to the board to vary the policy from time to time.
- 3.6 Under Rule 17 applicants must qualify for admission for membership by providing sufficient information to prove their identity, paying an entrance fee of an amount not to exceed £5 (or any reasonable amount sufficient to cover the administrative costs of joining), paying an administrative fee not to exceed £5 (or such reasonable amount as to cover the annual administrative costs), holding and have paid for at least a £1 non-deferred share in YCU. Therefore, it may be that KCTMO will need to purchase an additional non-deferred share of £1 as well to satisfy this Rule.

#### ***Expulsion from membership***

- 3.7 Rule 20 lists the circumstances in which a member shall cease to be a member, including but not limited to: if a member is wound up or expelled in accordance with the Rules (i.e.



as described in sections 3.4 and 3.5 above) or if a member is in breach of the Rules (see Rule 24 for a full list).

- 3.8 Under Rule 28, the amount deposited by a member who withdraws or is expelled shall be paid to them as funds become available and in any event within 60 days beginning on the day following the notice of expulsion or withdrawal.
- 3.9 Under Rule 26, a member may appeal against expulsion and represent itself at the special meeting convened to discuss the proposed expulsion.

### ***Dividend***

- 3.10 Deferred shares attract a dividend in accordance with the distribution policy of the Board as approved by members at the annual general meeting. We suggest you ask YCU to provide you with a copy of the current distribution policy and the amount of any historic payments. Again, the policy could change in the future.
- 3.11 The Rules also contain a section on dividends. There is no maximum amount payable as a dividend provided a surplus has been achieved. The rate is as per the Board's distribution policy. Dividends may be declared and paid annually or over an interim period.
- 3.12 It is not known whether the non-deferred shares take a priority on dividends as this is not stated either way in the Rules or Issue Document but likely to be contained in the distribution policy.

### ***Voting***

- 3.13 Deferred shares carry the right to vote. Members holding deferred shares have one vote regardless of the size of their holding (as do holders of non-deferred shares). A quorum at meetings of the members is 10% of the membership.

### ***Redemption of shares/ withdrawing from YCU***

- 3.14 Deferred shares are transferable only between members of YCU in units of [one hundred]. The Issue Document says that YCU has neither the obligation nor any right to redeem deferred shares; likewise, the holders of deferred shares have no right to require YCU to do so.
- 3.15 The Issue Document says that the Deferred shares are not withdrawable. This is reiterated in Rules 22 and 44 of the Rules. Rule 51 suggests that the owners of non-deferred shares may withdraw their shares.
- 3.16 Section 31A of the Credit Union Act 1979 sets out a description of deferred shares for the purposes of the Credit Union Act 1979. Deferred shares are:
  - 3.16.1 described in an issue document;
  - 3.16.2 not an investment covered by the Financial Services Compensation Fund;
  - 3.16.3 prohibited from repayment "except in Case A or case B" which must be specified in the issue document.
- 3.17 Case A is the winding up or dissolution in circumstances where all sums due from the credit union to creditors claiming in the winding up or dissolution are paid in full. Case B is where (1) the credit union applies to the appropriate authority for consent to repay

principal to the members (2) the credit union so applies otherwise than in consequence of a provision in any of the issue documents which requires it to apply, grants it any benefit for applying or imposes a sanction against failure to apply, and (3) the appropriate authority grants consent.

3.18 YCU has elected for Case A which is described in section 3.19 below.

### ***Winding up of YCU***

3.19 If on the dissolution of YCU there remains any surplus after the payment of debts, repayment of non-deferred share capital, discharge of all other liabilities and repayment of deferred shares, the assets of YCU shall not be distributed amongst the members of YCU but shall be transferred to another credit union or applied for charitable purposes as determined by the members. The priority of payments on dissolution is not specified in this Rule 160 however paragraph 10 of the Issue Document states members of deferred shares are only paid after all creditors and non-deferred shareholders have been repaid. So KCTMO may lose all or part of the value of its shares if there are insufficient proceeds to repay its shares in YCU; but it will not share in any “upside” if the shares increase in value.

### ***Protection***

3.20 Non-deferred shares are protected by the Financial Services Compensation Scheme but deferred shares are not. The Financial Services Compensation Scheme pays compensation if a firm is unable, or likely to be unable, to pay claims against it.

3.21 Members may suffer losses on the deferred shares if the YCU and / or the financial sector suffer stress.

**Devonshires**  
**13 May 2016**

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

<b>Confidential</b>	
<b>For Decision</b>	
<b>Board Report 26 May 2016</b>	
<b>Report title:</b>	Resident Board Member Election and Board Membership Update
<b>Authority for decision:</b>	The Board has a duty to comply and ensure compliance with the Company's Constitution.
<b>Recommendations:</b>	<p>It is recommended that the Board pass the resolutions in the following form:</p> <p>"The Board <b>RESOLVED TO:</b></p> <ul style="list-style-type: none"> <li>(a) appoint Tony Slater of Mi Voice as the returning officer for the Resident Board Member Election 2016;</li> <li>(b) note the issuing of a notice published to the Members, of the Election Date for 2016; and.</li> <li>(c) Note the forthcoming vacancies on the Board.</li> </ul>
<b>Regulatory/legal requirements:</b>	The Board has the responsibility of ensuring compliance with the Constitution of the Company.
<b>Business Plan link:</b>	NA
<b>Equality Impact Assessment/comment:</b>	The nature of the election ensures that it is open to all tenants and leaseholders who are eligible to be nominated to stand and all members to vote. The mechanics of the voting such as translation and follow-up should be handled sensitively.
<b>Resident consultation:</b>	NA
<b>Resource implications/VFM statement:</b>	The financial Resources are already in the budget for the financial year.
<b>Risk:</b>	Vacancies on the Board may result in a skills/experience gap which could impact the effectiveness of the Board. Undertaking the Resident Board Member Elections 2016 according to the provisions of the constitution of the

	Company results in no risk to the Company.
<b>Appendices:</b>	NA
<b>Total number of pages including appendices:</b>	
<b>Name, position and contact details of author:</b>	Fola Kafidiya, Head of Governance & Company Secretary, Ext [REDACTED]

## 1. EXECUTIVE SUMMARY

- 1.1 The Board agreed and approved the running of the Resident Board Member elections for 2016 on a principle of 6:2 tenant/leaseholder split. There are five Resident Board members required to retire by rotation from the Board in 2016. The positions are required to be filled by an election process undertaken by members of the Company. The Company is required to undertake the election following the provisions of the Constitution of the Company.

## 2. RESIDENT BOARD MEMBER ELECTION 2016

- 2.1 Article 28.4 of the constitution of the Company provides that all Resident Board members shall retire from the Board after a three-year term (such term expiring on the date of the Annual General Meeting). It further provides that a retiring Resident Board Member shall be eligible for re-election unless he or she has served for the maximum period of nine years.
- 2.2 The Board will note that the following Resident Board Members will be required to retire with effect from 17 September 2016:

Member	Number of years served
Fay Edwards (T)	6 years
Anne Duru (T)	3 years
Brendan Tracey (L)	3 years
Deborah Price (L)	3 years
Kush Kanodia (L)	3 years

- 2.2 Although all of the retiring Resident Board Members are all eligible for re-election having served less than nine years on the Board, the Board will note that Brendan Tracey and Deborah Price have confirmed their intention to retire from the Board at the end of their term i.e. with effect from 17 September 2016. In addition, pursuant to the provision of 27.2.4 of the Constitution, the board membership of Tony Annis will cease upon termination of his tenancy in May 2016.
- 2.3 The forthcoming resignations will result in three (3) vacant seats and three (3) re-election seats for the Resident Board Member Election 2016. Since the Constitution provides that there shall be a minimum of eight (8) Board members of which there is, either 6:2 or 5:3, tenants and leaseholders on the Board, the Company must actively seek to have any vacancies arising in the Resident Board Member category of the Board, by election, to prevent a breach of the Constitution. This means that we will be actively promoting the Resident Board Member Election for 2016 amongst the members of the Company to ensure that there are enough nominations received for the election process to result in the six resident board member positions being filled.
- 2.4 The Board has approved the Election Date of 15 September 2016 and this has been publicised to the members in the Link Magazine.

### 3. ELECTION TIMETABLE

3.1 The milestones for the Election process are as follows:

Action	Date
Capacity Building Training	Session 5 – Equality & Diversity - 16 June 2016 Session 6 – Board Election Matters - 30 June 2016
Nominations Open	20 <sup>th</sup> or 27 <sup>th</sup> June 2016
Nominations Close	22 July 2016
1-2-1s with Nominees	TBC
Election Voting & AGM	15 August 2016
Packs Issued	
Voting Commences	19 August 2016
Voting closes	15 September 2016
Results announced	16 September 2016
Annual General Meeting	17 September 2016

### 4. CAPACITY BUILDING TRAINING

4.1 We have delivered four sessions so far and the feedback has been very positive even from existing Board members that have been attending. Attendance has been an average of 8-12 attendees per session.

#### 5.2 Nominations

5.2.1 Nominations would be open to all eligible members, tenants and leaseholders. The retiring Board Members are also entitled to be nominated as well because they are eligible for re-election. Nominees will be required to fill out a nomination form with only two Members signing to nominate the candidate for election the Board.

#### 5.3 Voting

5.3.1 The voting packs will be issued to all members of the Company. The personal statements made by each of the candidates will be circulated in the voting packs and posted on the internet voting page. Voting during the election period will occur by post, and internet.

5.3.2 The constitution of the Company provides that the Board shall appoint a person or body to act as a returning officer in respect of the election upon such terms it shall consider appropriate. It is proposed that the Board appoint Tony Slater of Mi Voice as the returning officer for the Board Member Election 2016.

5.3.3 **Participation Incentives** – We are exploring incentives for encouraging participation in the voting for the election and the AGM. We ask that Resident Board Members engage in the voting process this year as they have a duty to promote the success of the Company and show by example.

### 6. POST-ELECTION MATTERS

- 6.1 The voting for the Resident Board Member Election will close as set out in the schedule in this report.
- 6.2 As stated, Kush Kanodia, Anne Duru, Fay Edwards, Brendan Tracey and Deborah Price will resign with effect from the 17<sup>th</sup> September 2016 (the date of the AGM) when the newly-elected members shall also be appointed to the Board.
- 6.3 The elected Board Members will be required to sign Terms of Appointments and undergo a Board Induction in the period immediately after the Annual General Meeting regardless of their status, new or re-elected.

## **7. INDEPENDENT BOARD MEMBERS**

- 7.1 The Board will note that pursuant to 31.2 of the Constitution, an Independent Board Member is required to retire at the end of a three-year term on the Board. As a result, two Independent Board Members, Peter Chapman and Simon Brissenden, are eligible to retire from the Board as of the date of the AGM. Peter Chapman has confirmed his intention to resign from the Board at the end of the term and Simon Brissenden has expressed the consent to be reappointed to the Board. The Board will be invited to consider the Independent Board Member appointments at its meeting in its July meeting.

## **8. CONCLUSION**

- 8.1. The Board is invited to consider the contents of this report and upon due consideration, agree to pass the resolutions on the first page of this report.



The Royal Borough of Kensington and Chelsea Tenant Management Organisation Limited	
Board Meeting	
Date of Meeting	Agenda Items
10-11 June 2016	
	Board Away Day
20 July 2016	
	Non-routine/Special Items
	HRA Commercial Portfolio 2014/15
	Contract Approval - Building installations - Repairs and Maintenance
	Annual Health & Safety Report
	Draft Financial Statements
	Implications of RBKC and National Policies on 2016-2017 and 2018-2019 Capital Programme
	Contract Approval - Cleaning Services
	Procurement Policy
	Appointments & Remuneration Committee Terms of Reference
	Business opportunities for KCTMO and structure
	Commerciality of the RD cost model in comparison to DLO organisations
29 September 2016	
	Non-routine/Special Items
	Re-appointment of Council-Nominated Board Members
	Retirement and Reappointment of Independent Board Members
	Chair/Vice-Chair Elections
	Retirement and Reappointment of Resident Board Members
24 November 2016	
	Non-routine/Special Items
	RBKC Mid-Year Review