

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

**TMO BOARD – 7th SEPTEMBER 2005**

**REPORT BY - HEAD OF HR AND COMPANY SECRETARY**

**2006 Annual General Meeting**

**1. Purpose of the Report**

1.1 The purpose of this report is to advise on the preparations for the Company's eleventh Annual General Meeting to be held on Monday 13<sup>th</sup> November 2006, and agree an agenda and the arrangements.

**FOR DECISION**

1.2 The TMO Board is Recommended to approve the draft Minutes of the 2005 AGM attached at Appendix A, and the general arrangements in the report for this years AGM.

**2 Introduction**

2.1 Each year at this time the Board agrees the arrangements for the forthcoming AGM in November and approves the minutes of the previous year's meeting.

**3 Formal Aspects of the Annual General Meeting**

3.1 The TMO's eleventh Annual General Meeting will be held at 7.30 pm on the evening of **Monday 13<sup>th</sup> November 2006** in the Great Hall of Kensington Town Hall. The "theme" proposed is "Celebrating 10 years of the TMO".

3.2 Notice of the meeting has to be given to Members at least 21 days (plus 72 hours for service of the notice) before the AGM or 28 days if Special Resolutions are presented. The notice has to be accompanied by the draft minutes of the 2005 AGM attached for approval and the Annual Accounts for the period ended 31<sup>st</sup> March 2006. Following this reminder letters will also be sent to Residents Association officers nearer to the date of the meeting asking them to encourage TMO Members to attend.

3.3 The key dates leading up to the AGM are as follows:

7 September Board to consider Draft Minutes 2005 AGM

21 September	Audit and Performance Review Committee to consider Company Accounts
Last week Sep	Print Notice, Company Accounts etc
5 October	October Board Meeting to consider Company Accounts
First week Oct	Prepare Mailshot
12 October	Despatch of AGM Notice to Members
6 November	Despatch of Reminder to Resident Associations
11 November	Deadline for receipt of Proxy Forms (7.30 pm)

#### **4 Special Resolutions**

- 4.1 No Special Resolutions are proposed to the Board for this year. However, the timetable above allows for any Special Resolutions which may be proposed by Members.
- 4.2 The draft agenda is as follows:

To receive the Annual Report  
 Address by Guest Speaker(s)  
 Panel Discussion on “Ten years on – what next?”  
 To agree the Minutes of the AGM 14<sup>th</sup> November 2005  
 To adopt the Annual Accounts for the year ended 31<sup>st</sup> March 2006  
 To appoint the Auditors  
 To resolve that the “TMO continues to manage”  
 Closing Address by Chair

#### **5 General**

- 5.1 It is proposed that the live music be repeated together with the informality of surgeries and exhibitions in the Great Hall, which proved popular last year.
- 5.2 The MP for Kensington & Chelsea, The Right Hon. Sir Malcolm Rifkind has accepted the Chair’s invitation to attend and address the AGM.
- 5.3 It is proposed that the discussion panel will focus on what the future holds for the TMO, ten years on. In addition to Sir Malcolm and Juliet Rawlings, the Chair, other panel members suggested include the leader of the Council, Cllr Merrick Cockell and Sarah Webb, Policy Officer, from the Chartered Institute of Housing.

#### **6 Recommendation**

- 6.1 The TMO Board is Recommended to approve the draft Minutes of the 2005 AGM and the general arrangements in the report for this years AGM.

**George Pashley**  
**Head of HR & Co. Secretary**

## **APPENDIX A**

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

#### **Minutes of the Annual General Meeting held on 14 November 2005**

**Present:** The attendance book gives names of the 143 TMO Members recorded as attending the AGM.

**Apologies:** A list of members tendering apologies is included with the attendance book.

1. Opening of the AGM

Juliet Rawlings, TMO Chair, introduced Mrs Doris Besant, MBE, Honorary President of the TMO, who opened the AGM. Mrs Besant welcomed everyone to the AGM. With the 10<sup>th</sup> anniversary of the TMO coming up in April 2006, she thanked members for their support over the years. During the last ten years the TMO had gone from strength to strength, and much had been achieved.

Juliet Rawlings thanked Mrs Besant, and welcomed special guests Councillor Fiona Buxton, Cabinet Member for Housing, Saif Ahmed, Faith Regen UK, Dr A. Dhabhi Skali, Muslim Cultural Heritage Centre, and Kieran James, young TMO resident, who would be members of the question time panel in addition to Doris Besant, MBE. Gordon Perry gave apologies for Karen Buck, MP, Malcolm Rifkind, MP, Councillor Merrick Cockell, Leader of the Council, Councillor Terence Buxton, Chair of the Overview and Scrutiny Committee, Councillor Keith Cunningham, Leader of the Labour Group, and 43 TMO Members.

2. Address by Ms Juliet Rawlings, TMO Chair, and Mr Gordon Perry, Chief Executive

Ms Juliet Rawlings introduced the theme for this year's AGM, a celebration of community, in particular the rich diversity of communities within the borough. The panel discussion would focus on how to work together to build stronger communities and decent neighbourhoods.

As the TMO approached its tenth anniversary in April 2006, consultation had been carried out with groups of residents and staff on a new logo for the TMO, which illustrated the importance of partnership, both between the TMO and the Council, and also most importantly between the TMO and its members and residents. Strong partnerships were also a key to building better neighbourhoods and communities.

Since last year's AGM, with a theme of how to tackle anti-social behaviour, the TMO and its key partners, the Council and Police, had been successful in achieving more in this area. The Council's investment in Police Community Safety Officers had had an impact on keeping the peace on the estates during the summer, as had the increased action taken by TMO Housing Officers. The terrorist attacks in July had also failed to disrupt the Royal Borough's communities, in spite of media attention, especially the in the north of the borough. To strengthen the TMO's communities, it had been decided to choose as tonight's theme, Celebrating Community.

A review of the past year was then made jointly by Juliet Rawlings with Gordon Perry. The new TMO website had been launched with up to date information about services, and development would continue. By early 2006, residents would be able to pay their rent and service charges on line. Performance in all key service areas had been improved this year. Empty properties were re-let in just over 21 days; crack houses were closed down faster than anywhere else in London; and 95% of repairs were done on time. The Community Alarm Service (CAS) had received the Home Officer's Chartermark award for excellence, and the tenant participation strategy had been the first in the UK to be accredited by TPAS. Councillor Coleridge, former Cabinet Member for Housing, had said that this year had been the most successful ever for the TMO.

However, it was recognised that there was still room for improvement, and the TMO continued to learn from satisfaction surveys introduced for the majority of the key services. The last survey showed that 70% of tenants were satisfied with the services, which is well above the London average. However, the TMO wanted to continue to improve tenant satisfaction, and also leaseholder satisfaction, which was a greater challenge because of the increase in major works, and the associated bills faced by leaseholders. There had also been problems with the IT system which produced bills, leading to delays in sending them out. An apology was given for this situation. The TMO aimed to demonstrate to leaseholders that they were getting better value for money, and also resolve disputes about the scope and cost of works more quickly than in the past.

Improving communications was part of the background to the amalgamation of the management of Estate Services with Tenancy Management. The new structure gave clearer responsibilities and accountability for services. New ways of being involved in the TMO had been introduced including Resident Oscars which recognised the important work done by Resident Associations and their representatives. A new annual event was the Residents' fun day and conference in Holland Park. The Tenants Compact, 'Residents First' outlined the ways residents could get involved in the TMO, including the TMO Residents Panel which would be launched in the spring. Resident Association representatives and Board Members had been involved in developing the compact, and also the new grounds maintenance and cleaning contract due to start in 2006.

As well as improving services, costs also had to be reduced due to a £1 million cut in the management and maintenance budgets from the government. £400,000 of savings had already been made through the reorganisation of the staffing structure, but front line services had been protected. In order to achieve savings, the TMO would be moving in the New Year to Charles House from the Town Hall. However, the reduction in budgets would result in some difficult choices although the TMO

was committed to providing value for money by improving efficiency. Because of the potential damage to services, the TMO and Royal Borough had been campaigning against these government cuts, which only affected a few London boroughs. Juliet Rawlings and Gordon Perry had attended a meeting with the Housing Minister a few weeks' ago to put the case for more money for ALMOs to spend on Decent Homes and decent neighbourhoods.

The TMO was due to be re-inspected by the Audit Commission in the summer of 2006, and the hard work involved in preparing for this would also help improve services. It was hoped to gain 3 stars in the inspection, which could give the TMO more options for raising money in the future. The TMO remained on target to deliver Decent Homes by 2008, and satisfaction rates for the works were more than 90%. However, there was not enough money for new kitchens and bathrooms for all, but the programme was being kept under review, so priority works were done first. This review would also look at future investment after Decent Homes had been completed in 2008, and work would begin with the Council on long term options for investment in the Council's homes. Funding for delivery of Decent Homes would run out in 2008 so planning for the future had to begin now in order to protect the investment made so far.

Decent neighbourhoods also needed to be considered, and this year's AGM was about the importance of developing and supporting the rich diversity of communities in the Royal Borough. Building a community was not easy task, and greater understanding was needed, and learning to work together.

3. Address by Councillor Fiona Buxton, Cabinet Member for Housing

Councillor Fiona Buxton, the Royal Borough's new Cabinet Member for Housing, introduced the panel discussion. Councillor Buxton thanked the TMO for inviting her to speak that evening, and join the panel discussion. She was very interested in community cohesion, which went back to her childhood experiences of living firstly in Malaysia in a community of Malaysian, Tamil and Chinese people, and then moving to Scotland when national feeling was at its height, and feeling different within that community through going to a different church, and having different expectations in life. These experiences had given her an appreciation of what it was like to feel different within your community, particularly for young people who were often torn between their roots and their desire to fit in. She felt that it was inspirational how the varied community in this borough worked together in a spirit of tolerance. The bombings in the summer could have produced a much worse reaction, but the aftermath had brought people together across the borough.

Councillor Buxton felt that the TMO was doing an excellent job in promoting a strong community, for instance the fun day and conference, plus the workshops provided by the TMO, which would not be done by a private landlord. She looked forward to working with the TMO, and promoting community life. The AGM was another great opportunity to promote community spirit. TMO members knew how their estates could be improved to make them better places to live. She thanked the meeting again for inviting her to speak that evening.

4. Panel discussion on building strong communities

**Question 1 - Ms G. James** asked what could be learnt from mistakes made in France leading to the recent riots, and what could be done as a community to address any underlying concerns, and prevent such an event happening in the UK. Saif Ahmed acknowledged that there were lessons to be learnt from these events for multi cultural communities with different faiths. The root causes of tension needed to be addressed before violence erupted as it had done in France. The violence was a symptom of desperation from lack of opportunities due to racism, and attitudes towards minorities not being addressed. The level of intolerance was reflected by a rigid hierarchy in business, and huge social exclusion. The UK had an agenda to address pockets of poverty in communities, and abolish social exclusion. The TMO was a leading light in how to foster good community relations by tolerance and inclusion, and this was the way forward on how to combat this level of violence erupting in the streets.

Dr A. Dhabhi Skali, Muslim Cultural Heritage Centre in North Kensington, commented that the riots in France could have happened 15 years' ago in the UK, when there was greater polarisation between white and black communities. Investment in regenerating tower blocks and estates in London compared favourably to the French situation where the indigenous people had left run down areas, and there was a corresponding loss of confidence in the community by African and Moroccan residents with no rights, jobs, or good services. This situation had been prevalent in the UK in the 1970s, but the situation here after the bombings on 7 July illustrated the difference. There were community meetings to support the police, and good police liaison. Ethnic minorities also wanted a cohesive community in the borough. The TMO was doing a lot of work with the Muslim Cultural Heritage Centre, and as a result more visitors were going to the centre which was open to all communities in the borough. The TMO was setting an example by holding surgeries in the centre. Everything was being done to ensure young people were integrated into their communities through education and opportunities.

Gordon Perry acknowledged the endorsement given by both Saif Ahmed and Dr A. Dhabhi Skali to the TMO's role in the community. There was a much greater level of social injustice in France with five times the level of unemployment in non-white communities, when in contrast there was a greater mixture of cultures on the TMO's estates than in Paris. The AGM aimed to celebrate common aims within the community.

**Question 2 - Mrs V. Stavrou** asked where the community spirit of the Second World War years had gone, and how could it be re-kindled. Doris Besant, MBE, agreed that people were not as friendly as they used to be, as they were concerned about crime such as burglaries. The war years had brought communities together, and the reaction to the terrorist bombings in the summer was comparable on a smaller scale. However, although on the whole people were happy with what they had, many people were dissatisfied with their accommodation because of overcrowding, which was something very difficult to address.

**Question 3 - Mrs S. Pritchard** asked how more could be done to achieve a community spirit such as the Fun Day. Kieran James felt that people should be encouraged to join in with things on their estate, and more social events should be held in community centres bringing old and young people together. Councillor

Buxton proposed that sports events be held on estates, and that the TMO liaise with voluntary organisations working with people in their communities.

**Question 4 - Ms K. Harris** asked how we could all work together when some groups had little commitment to the community. Gordon Perry felt that community relationships did work better when all sides had a stake in it. New ways of engaging people were needed, although the TMO did have an ‘open door’ and was well on the journey. Saif Ahmed added that initiatives needed to be marketed, and an inclusive environment created. Champions could be identified who would inspire those sectors of the community who were indifferent. Dr A. Dhabhi Skali felt that with communities such as the Moroccan community in North Kensington, patience and leadership were required in order to get them interested and involved i.e. encouraging young people to get involved in residents associations.

**Question 5 - Mr Larry Da Silva** – put forward a question on behalf of Mr R. Turner, Danvers Street, asking why the Chief Executive, Directors, Chair and Vice Chairs were all white. The Chief Executive explained that efforts had been made to recruit women and black staff at a senior level in the TMO, as they were under-represented at a senior officer level. However, the TMO had to recruit staff on their merits, although steps were being taken to appoint women and black ethnic minorities as members of staff. Juliet Rawlings added that although she and the two vice chairs were white, there was a good mix on the Board as a whole, although more young people were needed. The last TMO Chair had been from the BME community.

**Question 6 - Ms Betty Kaes** asked if children were regarded as precious in the community, why there were no activities for young people at Cremorne. Juliet Rawlings acknowledged that there would not be many activities because of the major works for the next six months. However, facilities for children were being planned.

Juliet Rawlings thanked Saif Ahmed, Dr A. Dhabhi Skali, Councillor Fiona Buxton, Mrs Doris Besant, MBE and Kieran James. Mr Ahmed and Dr Dhabhi Skali left the AGM at this point.

5. Resolution A

Resolution A to agree the minutes of the Annual General Meeting held on 8 November 2004 was proposed and passed by the meeting.

6. Resolution B

Mr Redmond Lee, Director of Financial Services, gave a presentation on the accounts. The annual accounts and Directors’ Report of the TMO for the year ended 31 March 2005 complied with the statutory format required by the Companies Act. Redmond Lee brought the AGM’s attention to two areas, technical issues and key risks, in addition to key performance issues.

There had been some ill-informed comments in the local press saying that the TMO was insolvent. Underlying this confusion was the introduction of a technical accounting standard, FRS 17, which laid down requirements for organisations for reporting on their pension fund liability. The introduction of this accounting standard

affected all organisations, and highlighted any deficit in the pension fund. Many local authorities and private companies faced a pension deficit, and both the TMO and the Royal Borough were affected by the impact on the national local government pension scheme of recent poor performance in the stock market. David Lewis, of the TMO's auditors, Baker Tilly, had been invited to explain this technical change.

David Lewis, Baker Tilly, gave a presentation on FRS 17, and its impact on the TMO. FRS 17 was the Financial Reporting Standard that dictated what information companies must disclose about pension schemes in their annual accounts. FRS 17 was being introduced in stages. Up to 31 March 2005, this information had to be disclosed in the notes, but from 1 April, in addition to full disclosure in the notes, a deficit of £8m had to be shown in the accounts. The impact on the balance sheet as at 31 March was shown which gave a deficiency of assets of £7,249m, and this had been commented on by the press. The impact on the TMO's balance sheet was significant, as the deficiency of assets would continue for approximately 10 years until the deficit had been made good. This situation could give the impression that the TMO was insolvent.

The TMO did not need to pay the £8m deficit now, as it would be made up by additional contributions over the next 13 years. There would be an increase in pension costs of £500,000 at a time when the TMO was reducing costs, and developing new sources of external income. All organisations with pension funds were facing the same problem, and it was being dealt with by both the TMO and Council. Reassurance was given that the TMO was not insolvent, as although there was a large deficiency of assets producing an insolvent balance sheet, this was a technical deficiency as the TMO would be able to meet its bills and pension commitments as they fell due. David Lewis confirmed that the TMO was a going concern, and the auditors had signed off the audit report on that basis.

Thanks were given to David Lewis, and the AGM's attention was drawn to key performance highlights in the accounts. The TMO had had another successful financial year with a surplus of £266,330 after tax in line with the strategic target set by the Board. This was an increase of 2.4% on the 2004 surplus in line with inflation for the period. A surplus was needed to establish a level of reserves to protect the TMO from unforeseen problems, and the reserves now stood at £826,000.

The company had adequate cash to meet its commitments. At 31 March 2005, the cash plus amounts owing the TMO amounted to £3.78m, and creditors due to be paid within the year were £3.1m. The position changed on a daily basis as monies were received, and payments made. Details of debtors and creditors were shown in notes 6 and 7 of the accounts on pages 11 and 12.

Note 13 on page 13 contained details of the financial arrangements between the TMO and the Royal Borough. The TMO bought services from the Council to a value of £1.8m, an increase of 11% after inflation. The net amount that the TMO owed the Council was £700,000 compared to £618,000 last year. The balance was reconciled regularly with the Council.

The company's assets comprised mainly of office furniture and equipment including IT and telephone systems. £98,000 was spent on these assets during the year, and £280,000 was charged as depreciation.

The net interest of £100,000 was better than the £70,000 achieved last year due to more effective cash management.

The government had made a number of changes in the way that the Housing Revenue Account worked. Changes in the management and maintenance allowances received by the Council would be reduced over the next few years so that the HRA would have a projected deficit of £7.2m in 2011/12. As a result, the Council, Lancaster West EMB and the TMO would all need to increase income and reduce spending in order to bridge this gap. As the government sets the rents under the rent restructuring regime, and stipulates that service charges are recovered from tenants and leaseholders, the TMO had little opportunity to increase its income.

In order to reduce costs, the TMO was aiming to freeze the management fee received from the Council at 2005/06 levels. With inflation, this meant that year on year cost cuts will have to be made without impacting on services delivered to tenants and leaseholders.

Staffing reviews had already been made in many areas, and the move to Charles House would also contribute towards savings. However, other factors such as the increased contribution to the pension fund would have to be accommodated. All costs were being reviewed to see what efficiencies could be made without affecting service delivery.

On the capital programme, a good start had been made on the Decent Homes' programme, and it was on schedule to be delivered by 2008. The overall programme included both Decent Homes and other necessary capital works. Because building costs are rising rapidly, it was likely that there would be financial pressures in this area. The TMO was working with other ALMOs on a procurement club so that larger, discounted contracts would be placed. This was essential in order to combat high maintenance costs inflation. It was hoped to extend procurement partnership to the purchase of utilities because of increasing costs in this area which had to be passed on as service charges.

Both the Board and the Audit Committee had reviewed the accounts, and questioned the external auditors, including a session without staff present, and recommended that the accounts be adopted. Questions were invited on the presentations:

With reference to a question on resolution of directors' report, in previous years, there had been a table on the annual salaries of officers, and no such report had been included this year. David Lewis confirmed that it was not a statutory requirement for the accounts.

Mr J. Arthur, Longlands Court, asked a question on the depreciation of assets described as IT, furniture and IT software, whether they were valued, and what was the rate of depreciation. An explanation was given on page 8, note 1. Office and computer equipment were written off over a period of three years.

Mr N. Dunne, Talbot House, asked whether the surplus of the company was spent for the benefit of tenants and leaseholders, what would it have been spent on, and what was the timeframe. An explanation was given on page 2 that if the TMO was wound

up, the surplus at that time could only be used for the benefit of tenants and leaseholders, and could not be used as dividend for Board members or staff.

Mr J. Hebditch asked at what stage did a debt become a bad debt. Redmond Lee gave an explanation of how debts were reviewed so provision could be made against bad debts out of the annual profits in consultation with the auditors so an agreement could be reached on what was fair and reasonable in accordance with professional standards.

Ms Whelan, Cremorne Estate, asked if finance was so important why were good baths and cupboards being thrown out, and less good ones put in. The Chief Executive explained that a criteria of age and condition were used in assessing replacement. However, staff would speak to her after the meeting on the specific case so an informed decision could be made on replacement.

Resolution B to adopt the Annual Accounts and Directors' Report for the year ended 31 March 2005 was proposed and passed by the meeting.

7. Resolution C

Resolution C to appoint Baker Tilly as auditors at a remuneration to be set by the TMO Board until the next Annual General Meeting in accordance with sections 384(1) and 385(1) of the Companies Act 1985 was proposed and passed by the meeting.

8. Resolution D

Resolution D for the TMO to continue to manage the Royal Borough's residential property under the terms of the Management Agreement with the Royal Borough dated 28 February 1996 as amended by a Deed of Variation dated 7 November 2002 was proposed and passed by the meeting.

9. Any other business

**Mr J. Hebditch, Sir Thomas More Estate**, with reference to his question raised at the AGM in 2004, drew attention to works not being carried out to the required standard borough wide. The Chief Executive confirmed that there was a constant need to improve how works were delivered. However, with reference to works done under the Decent Homes' programme, 90% was the average satisfaction rate, so the TMO was improving. Board members were also involved in Decent Homes plus other tenant representatives had spent time on looking at how Decent Homes' works could be improved, but it would not be possible to achieve 100% satisfaction.

Mr Hebditch raised the question from Ms Whelan at Cremorne about cupboards being replaced by smaller cupboards, and good steel baths being taken out. Confirmation was given that these particular works had not been done under the Decent Homes' programme, and lessons were being learnt. The Decent Homes' programme increased space standards by installing new kitchen cupboards.

**Mr T. Lewis, Dora House, Henry Dickens Court** expressed concern about the nature of information requested in a residents' survey sent out 2/3 weeks' ago, in

particular the request for the resident's National Insurance number when there was a black market for this type of information. Clarification was given that this information had been requested to help people with benefits verification, and best practice for housing organisations had been followed on information requested. However, Board members had challenged the request for the N.I. number, and legal advice had been sought on best practice. The information would be kept confidential, and would also help with investigation into illegal occupation.

**Mr N. Dunne, Talbot House** asked a question on the level of debt, how it was made up, who the TMO's debtors were, and what proportion of them were leaseholders. An explanation on debtors was given in note 6 of the accounts, and they did not include tenant and leaseholder debt.

**Mr T. Fitch, Bevington Road** asked a question about energy efficiency, as ventilators at the top of windows, which he had been informed would be sealed, had been left in place allowing draughts. Liam Good, Director of Technical Services, would discuss this case with Mr Finch after the meeting. The TMO was constrained by conservation area challenges as well as ventilation issues.

10. Closing remarks by Ms Juliet Rawlings

Ms Rawlings thanked everyone for attending the AGM, and gave special thanks to Mrs Doris Besant, MBE, Councillor Fiona Buxton, and other guests on the discussion panel, plus Board members and staff. She closed the meeting, and invited members to stay for refreshments, and attend surgeries and the one stop shop if they had any individual queries.