

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

TMO Board

Meeting held on 8 February 2007

Present: Ms J. Rawlings, Chelsea Area Board Member (Chair)
Mr M. Beverley, Borough wide Board Member
Mr B. Cann, Borough wide Board Member
Mrs S. Collet, Borough wide Board Member
Mr A. Erickson, Borough wide Board Member
Mr S. Flood, North Kensington Area Board Member
Ms S. Murphy, OBE, Notting Hill Area Board Member
Councillor E. Campbell, Council appointed Board Member
Councillor J. Cox, Council appointed Board Member
Councillor M. Lasharie, Council appointed Board Member
Councillor D. Lindsay, Council appointed Board Member
Mr I. Doolittle, Appointed Board Member
Mr R. Bryans, Lancaster West EMB

In Attendance: Mr D. Roche, Director of Policy and Development
Ms A. Amana, Assistant Company Secretary
Ms A. Dougall, Resident Involvement Manager
Mr G. Pashley, Company Secretary
Mr I. Twyford, Director of Housing Management
Ms J. Woods, Financial Controller
Ms J. Clifton, Secretary to the Board

Apologies: Mrs A. Braithwaite, Kensal Area Board Member
Mr F. Flemming, Portobello Area Board Member
Mrs J. Lamb, Brompton Area Board Member
Mr T. Rice, Chelsea West Area Board Member
Councillor M. Daley, Council appointed Board Member
Ms S. Parsons, Appointed Board Member

1. Declarations of interest

There were no declarations of interest.

2. Introduction

The Chair advised the Board that Sheila Belgrave from the Audit Commission had been appointed as the Interim Director of Policy and Development to replace Damian Roche. She was expected to join the TMO in mid April.

Because of Gordon Perry's unavoidable absence due to his agreed presence at the Council's Leader's meeting to discuss stock options, a response to any unanswered questions during the meeting would be made to Board members in writing.

3. Minutes of meeting held on 11 January

The minutes were agreed and signed as a correct record.

4. Matters Arising

4.1 HRA Rent Report 2007/2008 and TMO Company Budgets - it was queried whether the Council was sharing the financial pressure the TMO was under. Confirmation was given that these issues would be addressed as part of the HRA recovery plan.

5. Budget monitoring 2006/07

Damian Roche presented the report on behalf of Redmond Lee who had given apologies because of the bad weather, and resulting travel difficulties. Progress had been made on the company budgets, and a one off supplementary increase in the management fee of £235,000 had been approved by the Council for the re-inspection and other one off costs. The forecast on the TCC managed budgets had also improved by £242,000 due to a lower forecast outturn on planned maintenance of £270,000, and an increase of £58,000 on commercial rental income. However, there was slippage of around £200,000 from the revised budget of £23.8m on the capital programme due to reconciliation of final accounts on the Decent Homes' contract. It was anticipated that the position would be recovered by the year end by works being brought forward.

With reference to the forecast outturn on planned maintenance, confirmation was given that the Property Management Committee had requested that any underspending be ring fenced within that budget. Damian Roche would discuss this further with Liam Good and Redmond Lee.

On expenditure on electricity, heating and hot water, there was concern that at the end of December only 43% of the total forecast expenditure had been made, particularly as residents at Lancaster West were getting the largest increases in charges in the borough. An explanation was given that although 43% of the annual expenditure had been made, there would be bigger bills from November onwards. As British Gas had reduced their costs by 17% from March, it was asked whether this would have an impact. A report would be brought back to Board on the impact of this price reduction when the implications had been analysed. A report back would also be made on the underspending on the budget for electricity.

Attention was drawn to the forecast deficit position of £97,000, and concern expressed about the statement in the minutes for 11 January that it may be difficult to achieve a

position of no deficit by 31 March without impacting on service delivery. As it was several months since the Board instructed the Chief Executive that recovery from a deficit position had to be achieved by 31 March, it was thought that this statement was unacceptable. It was proposed that the proposal to fund the audit/survey to assess the TMO's DDA responsibilities at a cost of £70,000 from the underspending on the planned maintenance budget be used to offset the deficit, and achieve a balanced budget by 31 March. However, clarification was given that this proposed saving on TCC managed budgets would not help the company budgets.

Confirmation was given that staff were very aware of the need to achieve a balanced budget by 31 March, and had not accepted the inevitability of a deficit unless services were cut. The position was being monitored on a daily basis, but the budget monitoring report had to reflect the position as at the end of December. Further efficiency savings were being considered to address the situation. **The Board noted the contents of the report.**

6. 2007/08 Budget and HRA Business Plan Update

Damian Roche presented this report in Redmond Lee's absence. It was noted that the key decision report would be finalised for publication on 5 February 2007 rather than 2008 (para 2.1). On para 4.3, it was noted that the HRA was forecast to go into overall deficit in 2016/17 if protection continued, or 2011/12 if protection was removed from 2008/09. The overall deficit was when the HRA working balance was in deficit, and the required savings were shown in Appendix 1 of Appendix A.

The revision on the cut on the Area Revenue Works' budget so that the ARBs received 75% of the 2006/07 budget for the next two years, and then 50% would result in an additional £100,000 on the TCC managed budgets. Setting up a hardship fund for heating and hot water charges for 2007/08 would have to be covered from other budgets although it would not affect the company budget. The impact of the lower utility prices would be looked at.

The HRA Business Plan update had been presented to the TCC on 18 January. The main points were that the position was not as gloomy as it had looked last year. More notice of next year's subsidy was required, and also a longer term forecast than one year in order to manage any radical changes necessary. Since the report was written, savings from the HRA recovery plan also had to be taken into account.

More information was requested on the split of the HRA budgets between the TMO and the Council so Board members had a better understanding of this issue. It was also queried whether there was any guidance/bench marking on the division of budgets between the TMO and the Council. Damian Roche undertook to speak to Redmond Lee about this issue. **The Board noted the contents of the report.**

7. Value for Money Strategy

The Peer Review carried out in November 2005 prior to the Re-Inspection had recommended that the TMO have a formal Value for Money strategy, and work had been done with Housemark. The figures in para 2.2 on the level of the deficit, and replicated in para 7.2 of the strategy, were based on previous HRA projections, and were not in line with the update report on the HRA business plan, so the figure of £3.7m for the deficit by 2011/12 would be updated.

Clarification was sought on the abbreviation, CPA, in para 2.1, and this referred to the Comprehensive Performance Assessment. Concerns were expressed about the impact of savings on the TMO's services when Value for Money had been bedded down within the organisation. It was queried whether reports would indicate the VFM requirement. The strategy was closely linked to the HRA and TMO business plans, and also the HRA recovery plan. Actions contained in the strategy would be considered in terms of quantifying the effects, and the process would be formalised in the service plan. Board and Audit and Performance Review Committee would receive quarterly updates on key objectives.

The annual efficiency statements which the TMO was required to submit would also come to Board, so the Board would receive a lot of information which would help members monitor Value for Money objectives. The process was that the forward looking efficiency statements had to be done mid April, and the backward looking statements on savings achieved within the last financial year would be produced by July. The forward look would be done within the next few weeks.

More information was requested on what contribution the Council would be making towards efficiency savings, and whether the Board could see their efficiency statements. It was agreed that the Board should see this information although a lot of the Council's HRA expenditure was not discretionary i.e. interest on loans. However, it was thought that there may be some scope to use their savings on services for tenants.

It was pointed out that residents still did not see value for money being achieved on works, and considerable savings could be made if works already done did not have to be remedied. A request was made for a paper on how Gershon savings could be achieved in this area. **The Board approved the Value for Money strategy.**

8. Respect Standard for Housing Management

The Board had received a paper at their June meeting, and progress on implementation was now given. The TMO was an early signatory of the Respect Standard, and had contributed to the quarterly newsletter. Appendix 1 gave a gap analysis of areas to be addressed in the action plan to meet the standard. The TMO had to comply with the standard in the next six months.

The TMO was a founder member of the Golborne Youth Forum, which provided an opportunity for partnership working with young people. Appendix 2 contained the framework for the Golborne Ward Youth Partnership which would form a template for other youth initiative agreements. The aim was to look at innovative ways of engaging with young people.

On financial aspects, para 5.1, it was asked whether there was any likelihood of government funding. There may be a future opportunities to receive funding, and financing for this initiative was being addressed as part of the Neighbourhood Services' review. It was queried whether it would be possible to consider positive behaviour contracts through the work on the Golborne youth project, and this would be considered. Projects were being considered that would engage young people with more elderly residents i.e. theatre trips. **The Board agreed the recommendations contained in the report.**

9. Policy Committee - terms of reference

The Board were asked to endorse the terms of reference for the new Policy Committee. However, there had been concerns about amalgamating the former Equalities Committee, Resident Involvement Committee and Communications Committee, and it was proposed that the effectiveness of the Policy Committee be reviewed after 12 months to determine whether its objectives were being delivered.

It was thought that the committee membership was too large with 9 members, and also ARB representatives. However, although each ARB had historically been invited to send representatives to each of the former committees, only about 2 representatives on average had been nominated per committee. There was some concern about the quorate being 4 Board members as this may be difficult to achieve for every meeting. The Policy Committee had discussed ARB representatives being included in the quorate, but this could cause further problems as there had been only 1 regular ARB attendee on Equalities, and 2 on Resident Involvement Committee. It was noted that the membership would be reviewed by the committee prior to the Board election in June.

It was also proposed that the number of meetings per annum be amended to a minimum of five meetings to allow for more flexibility. The Board noted that the first meeting in January had been successful, and the review after one year was welcomed. **The Board endorsed the terms of reference for the Policy Committee with the proposed amendment on the number of meetings per annum.**

10. Any other business

10.1 Canvassing for Board elections - Board members were reminded that comments had been invited on canvassing for Board elections. Some unhappiness was expressed about there being a budget for candidates, but it was thought that candidates should be able to canvass.

10.2 Fuel poverty petition - Board members and residents were meeting Anne Kirkham, Head of Decent Homes, DCLG, on 13 February to present the TMO's petition on fuel poverty, seeking financial assistance for tenants on low incomes with fuel costs.

11. Date of next meeting

The next Board meeting would be held on Thursday, 8 March.