

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

OVERVIEW AND SCRUTINY COMMITTEE ON HOUSING, ENVIRONMENTAL HEALTH AND ADULT SOCIAL CARE - 12 JULY 2006

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

ARMS LENGTH MANAGEMENT ORGANISATION INSPECTION – INFORMATION DOCUMENT

This report contains information on the key areas of interest to Council officers and Members in preparation of the forthcoming Audit Commission inspection of the Arms Length Management Organisation in July 2006.

FOR INFORMATION

1. INTRODUCTION

- 1.1 The purpose of this report is to inform the Overview and Scrutiny Committee about key areas in relation to the Arms Length Management Organisation (ALMO), in preparation of the forthcoming Audit Commission inspection of the ALMO in July 2006.
- 1.2 This report is published alongside the Kensington and Chelsea Tenant Management Organisation (TMO) Self-Assessment, which was submitted to the Audit Commission eight weeks in advance of the actual inspection, as required under recent guidelines.
- 1.3 The inspection will cover a wide range of services and functions delegated to the ALMO, its governance arrangements and the relationship between the ALMO and the Royal Borough of Kensington and Chelsea. This report sets out the policy and service areas which are of particular pertinence to the Council.
- 1.4 For the purposes of this report, the terms ALMO and TMO are essentially interchangeable. The TMO has been in existence since 1996 and became, in addition, an ALMO in 2002. Therefore, the Royal Borough has a relatively rare arrangement in terms of having a tenant managed ALMO. The organisation is being inspected because it is an ALMO that secured additional funding via the ALMO initiative.

1.5 Please note that a glossary of key terms is attached as Appendix 1.

2. BACKGROUND

2.1 The borough-wide TMO was last inspected by the Audit Commission in May 2003 when it was assessed as providing a 'good' two-star service with excellent prospects for improvement. Owing to the successful granting of over £43 million additional borrowing approval to achieve Decent Homes, the ALMO must undergo a re-inspection of its services within three years of the original inspection. The ALMO is due to be re-inspected over a two-week period commencing the week beginning **17 July 2006**.

2.2 The ALMO inspection rating counts for 15 per cent of the Council's CPA housing block score and can, therefore, make a significant difference to the overall CPA score depending on the outcome.

3. KEY AREAS

3.1 The Creation of the TMO and the ALMO

In line with government policy, there has been significant progress towards developing a clear split between strategic and operational functions within the Borough's housing service for many years. The creation of the TMO, and the subsequent development of the ALMO, took this process of separating functions to the next level, as well as placing residents at the heart of the decision making process.

In April 1996 the Royal Borough set up the country's first borough-wide TMO and transferred responsibility for the day-to-day management of its entire housing stock. The TMO manages 9,247 properties on behalf of the Royal Borough, of which 6,822 are rented and 2,525 are leasehold. In order to release Decent Homes funding from central government, an ALMO, building upon the existing TMO structure, was set up following a successful section 27 application, and having obtained special consent from the secretary of state to remain tenant-led. The TMO was formally constituted as an ALMO in November 2002.

The original TMO Board comprised 13 resident representatives, up to four independent members and three local authority representatives. The revised ALMO Board comprises 11 residents (including the chair), five councillors and five independent members. Resident members are elected for a three year term, independent members are appointed on a similar term, while Council appointees are appointed annually. None of the members can serve for longer than a nine year term.

3.2 **The Respective Roles of the TMO and the Council**

Under the Management Agreement with the TMO, the Council retains the statutory rights, powers and duties in respect of the housing stock that are not specifically delegated to the TMO. The TMO does not own the housing stock; the Council retains ownership and continues to be the legal landlord. Tenants remain secure tenants with associated rights, such as the right to buy.

The functions delegated to the TMO are set out in the Housing Act 1985, section 27 application and can be summarised as:

- Capital and revenue stock investment, including repairs;
- Rent collection and income recovery;
- Estate management, caretaking and support services;
- Managing lettings, voids and under-occupation;
- Enforcement of tenancy conditions;
- Leasehold management;
- Tenant participation, information and consultation; and
- Environmental protection and improvement.

The most notable changes under the newer ALMO arrangements are as follows:

- The TMO Board is responsible for approving the annual stock investment programme and awarding major works contracts;
- Both the Cabinet Members whose portfolios cover housing are jointly responsible for agreeing the annual allocation and distribution of available capital funding between the HRA programme and other housing programmes;
- Although the TMO reduced their tenant-led majority to a majority of one when becoming an ALMO, the ALMO is still a tenant-led organisation.

Some of these functions have also been delegated to the Lancaster West Estate Management Board (LWEMB), which was established in 1994. The LWEMB manages approximately 900 properties. The relationship between the TMO and the LWEMB was set out in the original TMO Management Agreement (which is between the Council and the LWEMB) and has remained unchanged under the new arrangements. The main change is that the TMO now provide services directly to the LWEMB. This is reflected in the new Modular Management Agreements for both organisations, and is supported through service level agreements.

The functions retained by the Council include:

- Housing strategy and enabling initiatives;
- Private sector housing functions;
- Homeless prevention, housing advice and rough sleepers;
- Administration of the common housing register;
- Administration of the Supporting People programme;
- Rent setting; and
- Allocations policy and nominations.

3.3 **The TMO Self-Assessment 2006**

The TMO Self-Assessment was finalised following extensive consultation and input from the TMO staff, Board members, Council officers and external critical friends. The Self-Assessment is essential reading for anyone likely to have any contact with the inspectors. Appendix 2 below, *The Two Page TMO*, is the executive summary of the Self-Assessment.

3.4 **Complement Between the TMO and the Council's Corporate Aims**

The following is not an exhaustive list, further examples of good practice can be found in the Self-Assessment.

3.4.1 **Really Good Services**

(i) The management of the customer service centre has been transferred to the technical services division of the TMO. This has resulted in better call handling; direct appointment making for both contractors and surveyors; reduced client-side costs; and improved efficiencies, including a significant reduction in emergency and urgent works orders.

(ii) Following a review of the property management advisory group in May 2006, a dedicated quality assurance post was created. The post holder monitors the quality assurance process and co-ordinates the administration of customer satisfaction questionnaires and telephone checks following repairs.

(iii) Debt advice and arrears prevention begins when the tenancy is first signed: housing benefit forms are completed and support needs are discussed. The TMO has a formal arrangement with Housing Advice Service Kensington & Chelsea for the referral of tenants and leaseholders in arrears in order to receive specialist debt advice. The TMO has introduced acceptable repayment agreements with a view to further reducing legal action, these have been utilised in 30 cases so far.

(iv) The TMO has a highly effective record of dealing with anti-social behaviour. Most notably, the organisation has developed a crack house protocol with its partners. In 2001, there were 41 known crack houses amongst the TMO-managed stock - these have now all been closed.

(v) In April 2004, the TMO was awarded Investors in People status and has recently obtained the Charter Mark for the whole organisation. A 2005 peer review of the TMO noted the organisation's strength in terms of positively managing its people; good training and development opportunities; highly committed and motivated staff; and a clear performance management framework which is embedded throughout the organisation.

3.4.2 Renewing the legacy

(i) The TMO is a partner in the Council's Local Strategic Partnership and Local Area Agreement, delivering the Council's mission of a 'better city life'. The TMO Business Plan 2006 - 2011 identifies the achievement of the Decent Homes Standard (DHS) and building decent neighbourhoods as two of its four key aims.

(ii) The organisation is on course to implement a balanced stock investment programme that will mean the whole of the stock meets the DHS by the local target of 2008 and maintain the portfolio at that standard. The programme also seeks to address the maintenance needs of components that are not included in the DHS and include for some improvements to the stock in order to contribute to achieving decent neighbourhoods.

(iii) The TMO has a comprehensive stock condition survey covering building works, which is updated following all major works and renewal schemes. It also has a stock investment programme until 2009/10 which has been informed by the asset data as well as by resident consultation.

(iv) An asset management strategy is being developed and a procurement strategy has recently been developed by the TMO. In addition, the organisation is a key member of the Council's Housing Revenue Account asset management strategy group, which ensures a consistent approach to asset management on a wider scale and this group feeds into the Council's corporate asset management group.

(v) Housing estates are maintained to what is considered to be a high standard. The new grounds maintenance and cleaning contracts commencing in October 2006 have been let on partnering

principles. Specifications have been comprehensively and accurately measured using a geographical information system.

3.4.3 Responding to residents

(i) A 2005 peer review recognised that customer focus and engagement is an embedded part of the TMO's working culture at all levels. The review found that there are a wide range of opportunities for residents to be involved, including in decision making processes.

(ii) The TMO was one of the first two organisations to receive accreditation from the Tenant Participation Advisory Service against their quality standard for resident involvement pilot.

(iii) There are around 5,000 members of the TMO who can vote for resident Board members and attend the AGM. Membership of the organisation is open to any tenant or resident leaseholder, with application forms regularly included in TMO Link, the TMO's quarterly magazine delivered to all 9,247 homes.

(iv) The TMO has developed a number of ways to engage those unable or unwilling to participate in the more traditional ways and for 'hard to reach' groups. For example, the monthly BME surgery in the north of the borough and the annual residents' conference.

(v) The organisation's stock investment programme until 2009/10 reflects residents' priorities for windows and kitchens within the home, and better security outside the home. Resident involvement in major works is significant and includes direct involvement in the review and revision of standards and specifications, consultant and contractor selection and site meetings.

(vi) In respect of actions arising out of residents' surveys, key actions include the opening of a call centre following stated preference for contact by telephone rather than in person; the establishment of a leasehold one stop shop; the re-organisation of the housing management division; and a heightened focus on dealing with anti-social behaviour.

3.5 **TMO Performance Against Housing Key Lines Of Enquiry**

The TMO self-assessment is the culmination of a comprehensive gap analysis carried out against the following housing key lines of enquiry (KLOEs):

- Stock investment and asset management (KLOE 3)
- Housing income management (KLOE 4)

- Resident involvement (KLOE 5)
- Tenancy and estate management (KLOE 6)
- Allocation and lettings (KLOE 7)
- Supported housing, including sheltered housing (KLOE 11)
- Home ownership - the management of leasehold and shared ownership housing (KLOE 12)
- Access and customer care (KLOE 30)
- Diversity (KLOE 31)
- Value for money (KLOE 32)

The findings of the gap analysis were sent to the Audit Commission in December 2005, who acted as a critical friend, to identify strengths and weaknesses for each of the above KLOEs. Following the gap analysis, remedial actions have been incorporated into the TMO's Service Plan for 2006/07.

3.6 **Performance Monitoring**

The Management Agreement with the Council sets out how the performance of the TMO is monitored. Key performance indicators and targets are agreed with the Council each year.

(i) An annual report is presented to the Council's Cabinet, setting out performance against all agreed indicators and strategies for improvement. (Although the Lancaster West EMB has its own Management Agreement with the Council, responsibility for day-to-day performance monitoring rests largely with the TMO, with performance data incorporated into the overall performance reports made to the Council.)

(ii) A six monthly performance review report is presented to this Overview and Scrutiny Committee, which the Chief Executive of the TMO attends.

(iii) Quarterly meetings, at the very least, are held between the Chief Housing Officer and Chief Executive of the TMO.

(iv) The TMO Chief Executive attends the Housing Digest meeting with the Chief Housing Officer and the Cabinet Member for Housing Services, Adult Social Care, Public Health and Environmental Health. The TMO Chief Executive also meets regularly with the Deputy Leader and Cabinet Member for Planning Policy, Housing Policy and Transportation on estate renewal matters.

(v) Regular meetings take place between the Clientside Manager and TMO Director of Policy and Development.

3.7 **TMO Performance Against Performance Indicators**

The TMO (HRA) Performance 2005/06 Report is the Council's assessment of the TMO's performance over the last financial year and comments on various aspects of the TMO's activity, with particular focus on the performance indicators (PIs) and work with the Council in service provision. The organisation's performance in the last financial year against the CPA thresholds shows five PIs at or above the upper threshold, only one currently below the lower threshold and four between thresholds.

3.8 **Progress Against the Last ALMO Inspection**

The Audit Commission report from the previous ALMO inspection in 2003 identified areas where improvements could be expected. Since 2003 the TMO and the Council have been working to implement these recommendations. All of the key recommendations have now been reviewed and / or implemented as suggested.

3.9 **Finance**

Both the Council and the TMO have finance teams. The TMO has appointed its own external auditors and also uses the Council's internal auditors to undertake a programme of annual reviews. An internal audit plan is drawn up with the TMO Executive Group each year and presented to the Board's Audit and Performance Committee for approval. The Committee also monitors performance against the reports' recommendations. There are agreed protocols with the Council relating to internal audit work. All reports, annual audit plans and quarterly reports are routinely circulated to the Director of Finance and the Chief Housing Officer.

Approximately 12 internal audits were carried out in the last financial year. There was only one audit for which the internal auditors were able to give only limited assurance and another audit which was considered to present high risk. The auditors were able to give satisfactory assurance for all the other audit areas and were of the opinion that the system weaknesses present either a medium or low risk to the organisation achieving its overall service objectives. With very few exceptions, the audit recommendations and actions were agreed by the TMO management team and action plans, along with the risk evaluation, responsible officer and a date for implementation have been drawn up.

In addition, the Council's annual look-back report, the **TMO (HRA) Performance 2005/06**, reports the following:

(i) Efficiency measures. The TMO has produced its own annual efficiency statement, using the consultants Housemark to

independently verify the data that is fed into the overall statements of the Council.

(ii) Financial controls and monitoring. Wide ranging financial protocols were introduced in 2005/06. These protocols were monitored against a timetable that measured the performance of both the Council and the TMO. Good performance was achieved in most areas during the last financial year, including the faster closing of accounts. Clearer targets and deadlines have been established for 2006/07 in the main area of weakness, the monitoring of the capital programme. With these systems in place, performance overall in 2006/07 can be measured and reported. The protocols are reviewed jointly on a monthly basis.

(iii) Review of HRA budgets. A HRA value for money exercise was jointly commissioned by the Council and the TMO in 2004/05. This was necessary as part of the process of continuous improvement and to consider the impact of government subsidy determination on the Housing Revenue Account (HRA). The outcome of the review was the production of a revised **HRA Business Plan**. The key element of the plan is the introduction of measures to finance a potential deficit of £2.7 million in 2005/06, and an accumulated deficit of £37.46 million by 2011/12, in order that the HRA is balanced by 2011/12. This will be achieved by a combination of efficiency measures and a review of housing stock options and estate renewal during 2006/07.

3.10 **Key Messages**

(i) The Council's housing service and the TMO are inextricably linked: the service aims and objectives of the TMO are informed by the HRA business plan, the Borough's corporate aims and the housing strategy. The 2003 Audit Commission inspection recognised what it described as a 'mature' relationship between the TMO and the Council as a source of great strength.

(ii) The Council continues to support the Right to Manage and is keen to pilot new arrangements to manage finances outside the HRA.

(iii) The ALMO has delivered improved governance – its Board training programme is cited as an example of good practice by the Housing Corporation. The Council does not micro manage: the TMO is resident lead and the ALMO is indeed at arms length. In 2003, the Audit Commission praised the clear understanding of roles and responsibilities on both sides.

(iv) The ALMO continues to demonstrate maturity in capital strategic decision making, for example a review of investment options at Trellick Tower. There has also been record spending on major works and the Decent Homes Standard is on target for 2008.

(v) The direction of travel is good – as illustrated above in measuring performance against KLOEs and performance indicators.

(vi) The TMO is a joint enabler, partner and stakeholder in delivering the Council's LAA, Cabinet Business Plan, Community Strategy and Housing Strategy.

(vii) The previous ALMO Inspection Action Plan has been a main aspect of performance plans for a number of years on which Members and this OSC have been briefed at least bi-annually.

(viii) To address the critical challenge around the viability of the HRA (capital and revenue) a joint financial analysis has been completed. The HRA is forecast to go into in-year deficit by 2008/09. Given the financial constraints and limitations of efficiency gains the Council has commissioned a Stock Options Review. Although the review does not make any assumptions about the future management arrangements or ownership of the stock, the Council's ambition is to renew its estates to provide homes which are fit for purpose for the next 100 years. The TMO is key to achieving this ambition.

(ix) The Council endorses the TMO Self-Assessment and has been closely involved in its production, including comments on drafts and amendments. The rigour of the self-assessment process, most notably the quality assurance role of Housing Quality Network and Housemark is highly commended.

4. RECOMMENDATIONS

4.1 The Overview and Scrutiny Committee on Housing, Environmental Health and Adult Social Care is asked to take note of the contents of this report and the implications for the Council's overall CPA housing block score depending on the outcome.

4.2 Members are asked to comment on the contents of this report before the report is circulated more widely.

4.3 It is recommended that an update is presented to this Overview and Scrutiny Committee once the ALMO's Audit Commission inspection result is made available.

FOR INFORMATION

**Gerald Wild
Chief Housing Officer**

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

Background papers:

Draft TMO (HRA) Performance 2005/06; RBKC HSD; June 2006.

Housing Revenue Account Business Plan; RBKC HSD; January 2006.

K&C TMO Inspection Report; Audit Commission; July 2003.

K&C TMO Self Assessment 2006; KCTMO; May 2006.

Report of the Housing Services Improvement Peer Review; Housemark; November 2005.

The Two Page TMO; KCTMO; May 2006.

RBKC Internal Audit Reports - Various; May 2006.

Contact officer: Salima Khatun, Housing Policy Team **Tel:** 020 7361 3941 **E-mail:** salima.khatun@rbkc.gov.uk

GLOSSARY OF KEY TERMS

ANNUAL EFFICIENCY STATEMENT

As part of the local government efficiency agenda, all local authorities in England are required to submit annual efficiency statements to the Department for Communities and Local Government (DCLG), which consist of two parts: the forward and backward look statements.

The **forward look** is for authorities to set out their strategy and planned actions to achieve efficiency gains and an estimate of what will be achieved in the forthcoming financial year.

The **backward look** is for authorities to set out the amount of efficiency gains actually achieved in that financial year.

DECENT HOMES STANDARD

The government defines a decent home as 'one which is wind and weather tight, warm and has modern facilities'. There are four elements to this:

(a) It meets the current statutory minimum standard for housing.

(b) It is in a reasonable state of repair.

(c) It has reasonably modern facilities and services.

(d) It provides a reasonable degree of thermal comfort.

The national target is for all local authority housing to meet the Decent Homes Standard by 2010. The local target for RBKC is 2008.

HOUSING REVENUE ACCOUNT

By law, every local authority that has its own housing stock must keep a Housing Revenue Account (HRA) to which all expenditure and income relating to the stock must be charged. The Royal Borough's total annual HRA budget is approximately £30 million. The HRA is 'ring fenced' from other council expenditure, that is to say that the local authority cannot take money out of the HRA and use it to pay for non-housing services and similarly, the council cannot subsidise or make up deficits in the HRA from its other revenue streams.

KEY LINES OF ENQUIRY (KLOEs)

KLOEs are used by the Audit Commission to assist them in carrying out service level inspections and relevant improvement work in housing organisations. KLOEs are sets of questions and statements around either service or judgement specific issues which provide consistent criteria for assessing and measuring the effectiveness and efficiency of housing services.

LOCAL AREA AGREEMENT

This is a three year agreement that sets out the priorities for a local area agreed between central government, represented by the regional Government Office, and a local area, represented by the local authority and other key partners through Local Strategic Partnerships.

MANAGEMENT AGREEMENT / MODULAR MANAGEMENT AGREEMENT

The Management Agreement (MA) between the Council and the TMO sets out the roles and responsibilities of both parties. The MA sets out the management responsibilities delegated to the TMO and also sets out how the performance of the TMO will be monitored. The MA is legally binding upon both parties. In 2005 the former Office of the Deputy Prime Minister replaced the 1994 Management Agreement framework with the Modular Management Agreement.

PEER REVIEW

The 2005 Housing Services Improvement Peer Review of the TMO covered all the housing services provided by the organisation. The Peer Review team was a team of 'critical friends' invited by the TMO to review the service with the aim of assisting the TMO to identify the areas of strength and the areas most in need of improvement.

RIGHT TO MANAGE

The statutory Right to Manage is a key part of the government's tenant empowerment agenda. The Housing (Right to Manage) Regulations 1994 allow tenants' or residents' organisations to set up Tenant Management Organisations to take on the responsibility for the day-to-day management of their estates, including collecting rents, ordering repairs and general estate management. The council will still own the homes and be the landlord but the TMO becomes a partner with the council in providing services to the local community and council representatives can be invited on to the committee.

STOCK OPTIONS REVIEW

This is an assessment of how council housing should be owned and managed. Within the context of RBKC the options currently being considered include:

- Continued ownership by the Council and management by the TMO.
- Transferring ownership of the stock to a new or existing Registered Social Landlord.
- Sale of the stock – this would require consent from the DCLG.
- Use of a Private Finance Initiative, capital borrowing and estates renewal.
- A mixture of the above.

TMO SELF-ASSESSMENT

Linked to the introduction of KLOEs, self-assessment is now being used in all housing inspections. The self-assessment will be used to inform discussions between the inspected organisation and the Audit Commission. The organisation's self-assessment will be used by inspectors to focus its reality checks and to guide what types of inspection activities should be carried out on site.

THE TWO PAGE TMO

Strategy. Our purpose is “to provide a high quality, comprehensive landlord service, fair and open to all. We will offer good value for money and deliver year on year service improvements.” Our goal is “To strive for excellence in the delivery of housing services and to continue developing and improving our services.”

We are partners in the Council’s Local Strategic Partnership (LSP) and Local Area Agreement (LAA) delivering the **Council’s mission of a “better city life**. The TMO is represented on the LSP. Meanwhile, our **Business Plan 2006 – 2011** identifies the four key aims for the organisation, which underpin our eight strategic objectives:

- Financial Sustainability of the HRA and the TMO
- Achievement of excellence in services and customer satisfaction
- Achievement of the Decent Homes Standard
- Building Decent Neighbourhoods (to compliment Decent Homes)

Governance & resident involvement. As the only borough-wide TMO and only tenant-managed ALMO (soon to be joined by Lambeth), the TMO has strong governance arrangements supported by a Board Training programme, which is now cited as an example of good practice by the Housing Corporation. There is an extensive involvement structure with a number of committees, working groups, Area Review Boards and over 60 residents’ associations supporting the Board.

However, the TMO has extended involvement opportunities in a number of ways to provide opportunities for those who are unable or unwilling to engage in the more traditional ways and for those who are traditionally “hard to reach”. Examples include:

- The monthly BME surgery in the north of the borough. A second one will soon be launched in the south.
- The residents’ panel with mystery shopping, focus groups, policy fora, etc
- The annual residents’ conference/fun day and annual leaseholder conference.

Performance. Performance against all key performance indicators has seen year on year improvement.

- We have continued to reduce rent arrears of current tenants. The TMO has reduced arrears by £400,000 in the last three years. However, arrears, whilst at its lowest in TMO history, still top £1.2M so we should not rest upon our laurels
- The TMO continues to have good collection rates for leaseholders despite increasing bills and more challenges over value for money with almost 102% of service charges and major works charges collected
- Repairs appointments were made and kept in over 96% of cases
- 94.28% of urgent repairs were completed on time; the best ever result for the TMO. During the year, we also succeeded in significantly reducing the number of emergency works orders raised.
- We continue to re-let our empty properties at a faster rate than any other London borough except the City (at 21 days the TMO’s best ever performance).
- We are also on course to achieve our target of 100% Decent Homes by 2008.
- Gas servicing remains an area of strength with almost 100% success in servicing of gas appliances. The four outstanding at year end were completed within the following month.
- There has been a dramatic shift in performance within the call centre over the last two years with the average time taken to answer a call currently being four seconds. On average only 5% of calls are lost.

Satisfaction. The TMO last carried out census surveys of its residents in 2004, when 70% of tenants and 39% of leaseholders expressed satisfaction with the overall service provided by the TMO. Although the leaseholder figure is low, it compares well with other London boroughs that we benchmarked with in 2006. The TMO is aiming to increase satisfaction of both tenants and leaseholders in this year's census survey which is being undertaken in July. We have carried out a number of satisfaction surveys in specific service areas and they generally show a high level of satisfaction. For example:

- 71% satisfaction with the allocations service (this from people yet to actually get what they want – i.e. a transfer!)
- 91% (96% BME) satisfaction with sheltered housing
- 97% satisfaction with CAS
- 97% satisfaction with Decent Homes work completed

All these figures suggest high levels of satisfaction with services, but we must remember that this still means there are significant numbers who remain to be satisfied!

External validation. We should be proud of the fact that we have received a number of significant external accreditations recently:

- Investors in People (IIP) status
- Charter Mark for the whole TMO (subject to ratification)
- TPAS Quality Standard for Resident Involvement – one of first two in country
- HouseMark/IDeA peer review – “The collective view of the Peer Review Team is that Kensington and Chelsea TMO is a strong organisation that exhibits particular strengths in customer focus, tenant engagement and good governance”

Value for Money. A great deal has been done to both achieve and demonstrate value for money and ensure the HRA stays out of deficit:

- Our Annual Efficiency Statements identify efficiency gains of £5.9M over three years – with our management fee reduced by over £1million this year.
- Comprehensive staffing reviews throughout the TMO, leading to operational improvements and significant financial savings
- Leading light in London Area Procurement Network (LAPN) for capital works procurement and procurement for Housing (PfH) for procurement of supplies and services – targeted to produce 10% efficiencies per annum.
- Service level agreements (SLAs) with the Council reduced or frozen for 2006/07

Challenges. Although we believe we provide an excellent service, we are not complacent and recognise that there remain some significant challenges, including:

- Rising to the quality and VFM challenge posed particularly by leaseholders
- Continuing to reduce the total arrears of tenants and leaseholders
- Increasing levels of involvement among the young and BME communities
- Maximising and making effective use of resident profile information to address specific customer needs
- Improving services while identifying savings or income to ensure viable HRA
- Ensuring the right outcome for residents out of the stock options review

Prospects for improvement. It should be remembered that an excellent, three-star, organisation is not a perfect organisation. We believe that we are providing an excellent service but that we can continue to improve. There are a number of reasons why we believe this to be the case:

- Rated by the Audit Commission in 2003 as having excellent prospects for improvement – all key inspection recommendations implemented
- Year on year improvement against key PIs
- A well-established service planning and performance management systems
- Robust TMO and HRA business plan models of the financial context
- Mature and effective Board and governance structures

