

Minutes of a meeting of the Tenants' Consultative Committee held at Kensington Town Hall, W8 7NX at 06.30pm on Tuesday 6 January 2015

PRESENT

REPRESENTATIVES OF THE COUNCIL

Councillor Rock Feilding-Mellen (Chairman)
Councillor Judith Blakeman
Councillor Monica Press
Councillor Eve Allison

REPRESENTATIVES OF THE TENANTS' ASSOCIATIONS/ARBS

John Rendall	WERA
Norman Dunne	Chair, Talbot House
Maura Penasa	Southern Row RA
Jules Montero	WERA
Margaret Grayling	Treasurer, Worlds End (WERA)
Sarah Frater	Co-Chair Longlands Court
Iain Smith	Chair, Pond House
John Hebditch	Sir Thomas More Estate
Keith Benton	Trellick Tower RA

REPRESENTATIVES OF THE TENANT MANAGEMENT ORGANISATION

Robert Black	Chief Executive
Yvonne Birch	Executive Director of People & Performance
Teresa Brown	Director of Housing
Daniel Wood	Assistant Director Home Ownership

REPRESENTATIVES OF THE COUNCIL

Laura Johnson	Director of Housing
Amanda Johnson	Head of Housing Commissioning
Steve Mellor	Group Finance Manager
Will Parsons	Housing Commissioning Officer
Kathy Howard	Principal Governance Manager

A1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor William Pascall, Louis Neary (Secretary 72 Grove House, Derek White, Chair Silchester RA and Sylvia Collet, Cecil Court Compact).

A2. MINUTES OF THE MEETING HELD ON 15 JANUARY 2014

Subject to (i) the addition of Sarah Frater (Co-Chair Longlands Court) and Mr Bell, the minutes of the meeting held on 15 January 2014 were confirmed as a correct record.

Councillor Press added that at the last meeting it was agreed that questions answered post the meeting should be added to the minutes. These have been posted to the website.

A3. MATTERS ARISING FROM THE MINUTES OF THE LAST MEETING

The Committee noted the actions arising from the previous meeting, outlined in the report. The Chairman took the meeting through the actions as listed, and sought confirmation if there were any items outstanding. Mr Dunne referred to the repairs to the windows at flats 7-11 Talbot House, previously mentioned, as he had not received a reply as promised. The Chairman repeated that a response would be provided.

A4. HOUSING REVENUE ACCOUNT - RENT REPORT 2015/16

This report set out the proposed budget for the Housing Revenue Account (HRA) in 2015/16. It also recommended the level of increase to be applied to rents and other charges made to tenants and leaseholders who live in Council properties managed by the TMO.

The proposals in the report resulted in an average increase in rents of 4.66%.

Steve Mellor and Anthony Parkes gave a presentation on the 2015/16 rent report, covering the following –

- The process for agreeing the rent report
- An explanation of how the HRA budget is made up, including TMO Management Fee, Managed TCC Budgets, Council managed HRA budgets, including capital financing charges
- How the rents are set
- The HRA outlook
- The key messages

The key messages from the presentations were –

- Move to target rent over 5 years, ignoring the national caps
- Maximum annual increase 10%
- Average rent in 2015/16 £123.81
- An increase of 4.66%
- HRA working balance estimated to be £12.3m at 31/3/2016
- Over 5 years revenue contributions to the Capital Programme total £72m Medium Term Forecast suggests working balance of £35m at 31/3/2020
- The budgeted income from dwelling rents in 2015/16 is 75% of total income

A copy of the presentation slides have been placed on the Royal Borough website.

The Chairman then invited questions and comments from the Committee. The following main points were noted -

Mr Smith commented on the comparison between Kensington and Chelsea and other Inner London boroughs as he was of the view that Kensington and Chelsea had the worst proposed rent increases. That particular slide was missing from the presentation this year. He also mentioned that the figures did not take into account the London Living Wage.

The Chairman responded that the Council decided last year on its own local rent policy which makes comparisons with other boroughs less relevant. .

Even with the increase in rents agreed last year, there was still a shortfall compared with the funding that would be required to be spent. .

The Chairman stated that the Council was aware of the impact of the rent increase on the effect on tenant lives and would put a cap on any rise as a result, but the Council also had a responsibility to look after the whole housing stock. When comparing the average rent with the cost of living within Kensington and Chelsea, tenants were still receiving good value for money, and social housing was still very good value.

Comments were made about high rents discouraging people from going out to work; and many tenants in social housing were on very low wages.

Mr Montero stated that officers should record the increase in numbers of tenants claiming housing benefits as a result of the rent increase.

Councillor Allison commented about the provision for planned maintenance and was advised that it included all caretaking, garden maintenance, estate maintenance, and lighting. Insurance costs are also included within normal rent. Mr Parkes undertook to send full details to Councillor Allison.

Councillor Press sought further detail about the tenant/leaseholder service charges, and clarification of the provision for bad debts. Mr Parkes stated that provision each year has always been conservative – it has been reduced this year to reflect the continuing reduction in arrears.

A5. HOUSING REVENUE ACCOUNT BUSINESS PLAN 2015/16 – 2019/2020

This report provided the Housing Revenue Account Business Plan for 2015/16 to 2019/20. It set out the need to spend and considered the sources of funding available over the next five years.

Amanda Johnson gave a presentation on the HRA Business Plan 2015-20 covering, the following –

- Why have a business plan? To set out:-
 - the priorities and investment requirements for the Council's housing stock over the next 3 years

- opportunities to regenerate the stock and provide additional units
- the potential sources of funding to deliver the Business Plan over the medium term
- What did we achieve in 2014/15
 - Hidden Homes delivered 6 new homes with more in the pipeline
 - An additional £25m was agreed to increase the HRA Main Programme
 - £7.6m stock investment in 2013/14
 - Commenced Grenfell Tower works
 - Increased income to the commercial portfolio
 - Regeneration opportunities under consideration i.e Pembroke Road/Warwick Road, Edenham Way
- The need to spend
 - The Business Plan will be supported by an asset management strategy which prioritises investment in the stock
 - This will establish investment priorities using the stock condition survey – the estimated cost over the next five years to deliver the proposed investment standard is approximately £110m
 - This had identified £44m for HRA Main Programme over the next 3 years and assumes a further £20m for 2018/19 and 2019/2020
 - A funding gap of at least £46m and options for addressing this shortfall will be identified in future versions of the Business Plan
 - Major investment in kitchens and bathrooms, programme of lift replacements and roof replacements alongside cyclical decorations
- The Plan recommends
 - Capital resources of £44m are allocated to the HRA Main programme 2015/16-2017/18
 - Borrowing headroom is not used to fund maintenance works, including the backlog but to fund regeneration or the development of affordable housing
 - Explore further opportunities to increase supply through Hidden Homes
 - Development of identified regeneration opportunities

- Consideration is given to selling a small number of properties on the open market thereby releasing capital receipts which could be used to increase the HRA Main Programme and fund new additional units
- The focus is ensuring the statutory minimum standards of decency are maintained

The Chairman invited questions on the report.

Mr Montero asked if there was any way for tenants to feed into the various priority works for the estates, and mentioned sewerage works as an example. The Chairman responded that the TMO has a responsibility to prioritise scarce funding across the whole estate and would naturally need to prioritise as a matter of course. Residents are consulted on specific works to their estate. The TMO will publish its five year programme and in the run up to that, will discuss with its residents what they will want to address. This process has begun with roadshows and surveys. If small scale issues come forward as a result, they will be considered.

The Chairman advised that because of self financing, the Council was in the position of being able to plan over three to five years, and will work with the TMO to make sure that tenants know what is planned for their estate. At the end of the next five years after planned capital programme works etc, there should be a working balance of £35m. Detailed stock condition surveys will require total spend over the five year period of £110m. However, only £64m resources have been identified. As we move forward, the Council may decide to spend some of the £35m towards this shortfall.

The Chairman confirmed that the Council is not proposing to do a stock transfer. The purpose of the Council Owned Company would be very limited – it would ensure that any additional affordable housing is still Council owned rather than developed by a housing association.

Councillor Blakeman asked how leaseholders would be protected if they were regenerated out of their homes. The Chairman responded that the decant policy will be applied and the shared equity scheme will be offered wherever that is viable. Sarah Frater was uneasy about the position for long term leaseholders, especially former tenants. The Chairman stated that he understood their concern, until the next round of work is done and the financial viability is tested, the Council was unable to promise to offer anything concrete to leaseholders.

A6. FRAMEWORK AGREEMENT FOR MAJOR WORKS CONTRACTS

Peter Maddison, Director of Assets and Regeneration gave a presentation which covered –

- Our current approach
 - Small scale contract procurement
 - High turnover of contractors

- Problems with stop-start approach
- What is a framework?
 - An over-arching long term agreement that sets out the terms (e.g price, delivery) under which individual contracts are called off
 - 48 month agreement, with possibility to extend
 - Method of ensuring continuity of delivery, and long term collaborative relationships
- How will it work?
 - Initial competitive process produces prices for year 1 programme
 - Four contractors selected, two awarded initial work for two year period
 - Future work allocated via competitive 'mini-tender' process testing price and performance
 - Scoping and pricing of works supported by consultants
- What works will it deliver?
 - Internal – kitchens, bathrooms, rewires, heating
 - External – roofs, windows, external decorations
 - Communal M&E – except lifts
 - Public realm and landscaping
 - Hidden homes – where appropriate
- Benefits
 - Value for money
 - Through competitive process
 - Clear pricing and visibility of supply chain
 - Supply chain collaboration
 - Improved quality
 - Long term relationships build mutual understanding
 - Future work made dependent on performance
 - Improved certainty
 - Ability to plan over a longer period of time
 - Allows contractors to work more efficiently (single site set up)

The Chairman invited questions.

The Committee noted that the application would be made to the upper tier tribunal for a determination that the framework is a qualifying long term agreement rather than wait for a challenge and a request will not be made for dispensation from service charge regulations.

The Chairman reassured the Committee that using the framework agreement should lead to better pricing, transparency and efficiency and that the TMO has made a convincing argument that that will be the case. The TMO would need to work hard managing it and to overcome leaseholders' nervousness – demonstrating that the potential benefits will make it worthwhile. If the TMO felt it was not working, it would have to cease operating the framework agreement and another form of procuring would have to be found.

Mr Dunne was cynical of the framework agreement and wanted his views recorded. He saw no reason why the papers should not be copied to the members when they were submitted to the tribunal so that they could be challenged.

A7. ANY OTHER BUSINESS

- Mr Smith sought an assurance that parking on estates would continue to be on a waiting list and that getting a space would be reasonable. The Chairman responded that there were a huge number of vacancies in TMO parking spaces, and this was an unused asset. The Council's Housing and Property Scrutiny Committee had set up a Working Group to look at this and we would not prejudge that work. Until that Working Group produces some recommendations, it is not possible to make any firm commitments.

The meeting ended at 8.36 pm

Chairman