

NOTICE OF ANNUAL GENERAL MEETING

Company number: 06249790

NOTICE IS HEREBY GIVEN that the **ANNUAL GENERAL MEETING (AGM)** of Tower Hamlets Homes Ltd (THH) will be held

At: Via Zoom - Meeting ID: 814 6520 2029 Passcode: 422533

On: Thursday 17 December 2020

At: 16:00 for the following purposes:

1. To approve the Minutes of the last AGM held on 10 December 2019.
2. To adopt the financial statements for the year ended 31 March 2020.
3. To approve the appointment of auditors to the Company until the conclusion of the next Annual General Meeting and to authorise the directors to fix their remuneration.
4. To note, pursuant to Article 15 the appointment of Mahbub Anam as Tenant Board Member.
5. To note, pursuant to Article 15, the appointment of Simon Hart as Leaseholder Board Member.
6. To note, pursuant to Article 15, the re-appointment of Claire Tuffin as Leaseholder Board Member.
7. To note, pursuant to Article 17 the appointment of Nikesh Shah as an Independent Board member
8. To note pursuant to Article 17 the resignation of Ann Lucas, Andrew Bond and Safia Jama as Independent Board Members.
9. To note pursuant to Article 17 the re-appointment of Ann Lucas, Andrew Bond and Safia Jama as Independent Board Members.
10. To note pursuant to Article 14 the re-appointment of Councillors Asma Islam, Tarik Ahmed Khan, and Councillors John Pierce, and Sabina Akhtar as Council Board Members.
11. To note pursuant to Article 31 the nomination of Ann Lucas as Chair of the Board.

Dated: 27.11.2020

Registered Office:

Second Floor, City Reach
5 Greenwich Place View
London
E14 9NN

The logo for Tower Hamlets Homes is a yellow vertical bar with a black arrow pointing right, containing the text "Tower Hamlets Homes" in white.

**Tower
Hamlets
Homes**

Neil Isaac
Company Secretary

Note:

As a member of the Company entitled to attend and vote at the meeting convened by this notice you are entitled to appoint another person as your proxy to exercise all or any of your rights to attend and to speak and vote in your place at the meeting. Your proxy need not be a member of the Company.

Minutes of the Annual General Meeting of the Tower Hamlets Homes

Held on Tuesday 10 December 2019

From 6.30pm- 6.40pm

Harford Multicentre, 115 Harford Street, London, E1 4FG

Shareholder representative: Karen Swift

Company Secretary: Paul Davey

Board Members Present:

Ann Lucas	Chair, Independent Board Member
Claire Tuffin	Resident Board Member
Andrew Bond	Independent Board Member

In attendance:

Iain Lawson	Co-Optee Member to the Finance & Audit Committee
Mahbub Anam	Co-Optee Member to the Finance & Audit Committee
Helen Charles	Co-Optee Member to the Governance & Remuneration Committee
Pam Haluwa	Co-Optee Member to the Governance & Remuneration Committee

THH officers present:

Susmita Sen	Chief Executive
Paul Davey	Director of Business Transformation
Will Manning	Director of Asset Management
Neil Isaac	Interim Director of Finance
Beverley Greenidge	Head of Neighbourhoods
Sameena Raouf	Governance Officer

Apologies:

John Pierce	Council Board Member
Asma Islam	Council Board Member
Tarik Khan	Council Board Member (Emailed in agreement to minutes before the meeting)
Sabina Akhtar	Council Board Member (Emailed in agreement to minutes before the meeting)
Safia Jama	Independent Board Member

Item no.	
1	The minutes of the last AGM on 11 December 2018 were agreed.
2	The financial statements for the year ended 31 March 2019 were adopted subject to amendment showing headline figures.
3	The re-tendering of external auditors to be completed by written resolution was noted.
4	Pursuant to Article 15, the resignation of Helen Charles as a Resident Board Member was noted.
5	Pursuant to Article 15, the re-appointments of Claire Tuffin as Leaseholder Board Members was noted.

6	Pursuant to Article 18, the resignation of Ann Lucas, Andrew Bond, Caroline Compton-James and Safia Jama as Independent Board Members was noted.
7	Pursuant to Article 18, the re-appointment of Ann Lucas, Andrew Bond and Safia Jama as Independent Board Members was noted.
8	Pursuant to Article 16, the appointment of Councillors Asma Islam and Tarik Khan and the re-appointment of Councillors John Pierce and Sabina Akhtar as Council Board Members was noted.
9	Pursuant to Article 30, the nomination of Ann Luca as Chair of the Board was noted.
10	Karen Swift noted the meeting took place in due process.

Tower Hamlets Homes Limited

Directors' Annual report and
financial statements for the
year
ended 31 March 2020

Limited Company By Guarantee

Registered in England: 06249790

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Company Information

Company Registration No	06249790 Registered in England
Registered office:	Second Floor City Reach 5 Greenwich View Place London E14 9NN
Banker:	National Westminster Bank plc Docklands South Quay Branch 54 Marsh Wall West India Dock London E14 6LJ
Solicitor:	Trowers and Hamblins LLP 3 Bunhill Row London EC1Y 8YZ
Auditor:	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL

Board of Directors:

Name	Type	Appointed	Resigned
Ann Lucas (Chair)	Independent	10-Dec-12	
Claire Tuffin	Resident	06-Mar-13	
Caroline Compton-James	Independent	10-Sep-15	July-19
Andrew Bond	Independent	10-Sep-15	
Safia Jama	Independent	06-May-16	
Cllr Sabina Akhtar	Council	14-Jul-15	
Cllr John Pierce	Council	14-Jul-15	
Helen Charles	Resident	20-Jan-17	Nov-19
Cllr Asma Islam	Council	01-Oct-18	
Cllr Tarik Ahmed Khan	Council	29-Oct-18	
Mahbub Anam	Resident	10-Feb-20	
Nikesh Shah	Independent	10-Feb-20	

Company Secretary

Neil Isaac

Company Information (cont.)

Executive Management Team

The members of the Executive Management Team who held office in the year are listed below with their current Directorate responsibilities.

Name	Role	From	To
Susmita Sen	Chief Executive	15-Sept-2015	
Ann Otesanya	Director of Neighbourhoods	15-Feb-2016	
Paul Davey	Director of Business Transformation	13-Jun-2016	
Neil Isaac	Director of Finance	16-Sept-2016	
Will Manning	Director of Asset Management	16 Jan-2018	

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 March 2020.

Legal Status

The Company is a controlled Company (by the London Borough of Tower Hamlets), limited by guarantee without any share capital. The Council undertakes, in the event of the Company being wound up, to contribute such amount as may be required for the payment of the debts and liabilities of the Company providing this amount does not exceed £1.

The Company was overseen by a Board which met regularly throughout the year. The composition of the Board reflects the range and mix of skills and experience required for the effective management of the Company.

The day to day running of the Company's business has been delegated by the Board to the Executive Management Team.

Parent Organisation Address

Tower Hamlets Council Town Hall
Mulberry Place
5 Clove Crescent
E14 2BG

Dividends

The Company is limited by guarantee and does not have a share capital, or shareholders.

Directors and directors' interests

The directors who held office during the period are detailed on page 3. The Company has no shares or shareholders.

Political and charitable contributions

The Company made no contributions to political or charitable organisations.

Employment of Disabled Persons

THH promotes equality of opportunity in its recruitment, selection, training and development policies and practice.

We welcome applications from applicants with disabilities and evaluate solely on ability to carry out the duties of the job, taking into account any reasonable adjustments required.

Communications Policy

The Company communicates all matters of financial or other interest to staff through its monthly electronic in-house newsletter, through team meetings or through other media as appropriate.

Payment of Creditors

The Company's policy is to pay creditors as they fall due.

Going Concern

The company has disclosed its business activities, principal risks and uncertainties in the strategic report on pages seven and eight. Tower Hamlets Homes has significant cash reserves and retains a contractual relationship with its main client until 2024. The new management agreement has been signed which demonstrates that long term commitment from the Council. The directors recognise the greater scrutiny over going concern in the light of significant corporate failings in the recent past and the additional risks and uncertainties arising from the Corona virus pandemic. However even taking these risks into account the directors consider the company is well placed to continue its business while managing the current risks and uncertainties.

Directors' declaration

The directors who held office at the date of approval of this directors' report confirm that so far as they are each aware there is no relevant audit information of which the company's auditor is unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

In accordance with section 489 of the Companies Act 2006 a resolution for KPMG LLP appointment of auditors will be made at the forthcoming annual general meeting. As KPMG have been the auditors of Tower Hamlets homes since its inception the board have decided to tender the external audit function in accordance with best practice. This tender process is due to start in September 2020 and a recommendation to appoint an auditor as a result of that process will be made at the annual general meeting.

The Directors' Report was approved by the Board on 26 November 2020 and signed on its behalf by:

Neil Isaac
Company Secretary
Second Floor
City Reach
5 Greenwich View Place
London E14 9NN

Strategic Report

The Directors present their strategic report for the year ended 31 March 2020.

Business Review

Tower Hamlets Homes Ltd (THH) is an Arm's Length Management Organisation (ALMO) set up by the London Borough of Tower Hamlets (LBTH) to provide housing management services, including the income collection, tenancy management, estate services, day-to-day repairs, major works, planned maintenance, leaseholder services, resident participation, customer services, service development and training to residents of the borough's housing.

The ALMO started on 7th July 2008 under a ten-year term contract with a five-year break clause. Since inception we have achieved the two star performance threshold required to access Government funding and secured £108m grant for investment in stock. We have a solid track record of improved performance, income collection, and resident satisfaction while reducing the annual management fee. In recognising these achievements, on the 6th December 2016 LBTH's Mayoral decision approved a two-year contract extension to the 7th July 2020.

The Council commissioned an external organisation to undertake a review of Tower Hamlets Homes as part of its consideration of future options for the delivery of Housing Management services. Following the successful outcome of the review, the Council's Cabinet meeting in July 2019 agreed to extend the management agreement with Tower Hamlets Homes for up to eight years to 2028. An updated management agreement has been approved by the Board and the Council to ensure that THH continues to deliver for the Council.

The implementation of a five-year saving strategy by the Council starting in 2017/18 has emphasised the need for THH to focus on efficiency and value-for-money, as a result THH initiated a Company-wide transformational change programme including a review of resources and service delivery models in 2016/17. This will ensure resources are better focussed on the needs of our residents and meeting the Council's aspirations for the service. The Council and THH are working together on updating the HRA Business Plan to ensure that there is a shared understanding of priorities for the HRA and how THH can deliver those priorities for the existing stock.

Results & Performance

The Company's principal activity during the year is the provision of housing management services to residents of LBTH. The Company also manages delivery of the planned and responsive repairs and maintenance programme and manages delivery of the housing investment programme for LBTH. In the last 24 months the performance of THH has been recognised by the housing profession by a range of awards and accreditations won by Tower Hamlets Homes. These awards include being declared landlord of the year at the UK Housing Awards and the Caretaking Service winning the front line team of the year at the Housing Heroes Awards. In the last 12 months THH exceeded the performance target against 10 of the 17 Business Critical Indicators with three close to target. The remaining four that missed the target have been discussed with the Council and recovery plans put in place.

Financial

The Company received management fee and other fees from LBTH of £35.580m (2018/19: £31.913m) to manage and maintain LBTH's HRA stock. Although managed by the Company, the cost of repairs and maintenance and investment programmes are shown in LBTH's financial accounts.

The presentation of the accounts for 2019/20 differed from 2018/19 because we are accounting for a pension fund surplus. We are recognising the pension fund surplus of £5.197m as an asset on our balance sheet (same as 2017/18 accounts). This is included in the total Capital and Reserves figure of £8,812,600 on the balance sheet, but is an ear-marked reserve which can only be utilised if and when it is realised through an actual reduction in pension scheme contribution rates or other means.

We are also required to show the pension fund transactions in the Statement of Comprehensive Income. The underlying performance of the company shows a deficit of £472k (2018/19 surplus of £867k) off-set by planned investment from reserves of £463k for the digital strategy.

Going Concern and Covid - 19

THH recognises that the assessment of whether the organisation is a going concern has become more of an issue in recent years given a number of high profile failures and in more recent times due to the uncertainty to business generally arising from the Covid-19 pandemic.

Structure of THH and relationship with the London Borough of Tower Hamlets

THH is a company limited by guarantee with the Council as the sole Member. It has an agreement with the Council to provide management and maintenance services to the social rented stock (including leaseholders) owned by the Council.

A new management agreement covering the four years from 2020/21 to 2023/24 has been approved by the Board and the Council and will be formally signed in the next few weeks. (The agreement has an option for the Council to extend the arrangement for a further four years)

THH does not undertake any activities that are outside the terms of the management agreement. Thus, THH does not rely on any other sources of finance apart from that provided under the management agreement.

The Council has all the necessary approvals from the government to delegate housing management to Tower Hamlets homes.

Income collection is a significant issue for the HRA especially in the current COVID pandemic. Initial estimates had suggested that a drop in collection rate of up to 5% was possible. In the event to the end of September income collection has been significantly ahead of expectation at 100.9%. This is expected to improve further as more Universal Credit tenants move on to alternative payment arrangements and more contact is made with residents who need to be chased for payments to be made. Given the success to date it is reasonable to expect that arrears will be reduced in the forthcoming 18 months such that there will not be a need to increase the bad debt provision and therefore this will not have an adverse impact on the business plan.

Tower Hamlets Homes is not complacent about the impact of COVID-19. Performance is regularly reported to the Board and a COVID Risk Register has been developed to ensure that risks are identified and adequately managed. Both were reported to Board in May. The pension contribution rates have been confirmed as unchanged by the administering body following the triannual valuation. This confirmation and the fact that the scheme is currently in surplus on an FRS 102 basis show that there are unlikely to be any adverse pension events that could affect the assessment of THH as a going concern.

Contingency and Cash Balances

Within the base budget there is a contingency of £250k to meet unforeseen costs that may arise during the year, this was not required in 2019/20.

THH has cumulative surpluses of some £5m. A small element of this, some £600k, is earmarked for investment in digital initiatives. The balance would be available to fund any increase in day to day running expenses or a restructuring and redundancy programme should that be necessary.

Principal Risks and Uncertainties

The Board has overall responsibility for identifying and mitigating the principal risks it is willing to take to achieve the Company's strategic objectives. This is done within the Company's system of internal control including effective risk management.

Strategic risks are considered by their potential to impact on the delivery of the aims, objectives and the provision of services together with the predicted likelihood of the actual event or occurrence and the score registered on a risk matrix. A member of EMT is assigned as being the risk owner and assumes the responsibility of ensuring effective mitigation actions are in place.

The key risks faced by the business include a serious breach of Health & Safety compliance, a breach of Data protection, and the potential impact of Covid-19 on the business generally and income collection in particular.

The business has set aside appropriate provisions to meet its liabilities and has accumulated reserves to facilitate service delivery and protect the business against uncertain risk.

Neil Isaac

Company Secretary
Second Floor, City Reach
5 Greenwich View Place
London E14 9NN

Statement of Internal Control

The Board of Directors acknowledges its ultimate responsibility for ensuring that the Company has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Company or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposal.

It is the Board of Directors' responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. The system of financial control includes the following key elements:

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Company's assets. Within the Company's Financial Regulations & Standing Orders authority levels are specified for all authorised signatories and delegated authorities documented;
- experienced and suitably qualified staff to take responsibility for important business functions. Annual employee development review procedures have been established to maintain standards of performance;
- regular internal audit to undertake reviews on the effectiveness of internal controls;
- the establishment of written policies and procedures and a scheme of delegated authorities designed to ensure that proper accounting records are maintained;
- a risk management framework in which priority risks are reviewed by the Chief Executive and senior managers;
- forecasts and budgets are prepared which allow the Board of Directors and management to monitor the key business risks and financial objectives and progress towards financial plans set for the period and the medium term. Regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board of Directors and officers of the Company;
- The Board of Directors reviews reports from management, from internal auditors and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. The Head of Internal Audit has reported to the Finance and Audit Committee on a regular basis and has given the internal control environment "substantial assurance".
- The report by management includes a general view of the major risks facing the Company and the Risk Management department monitors these risks and provides countermeasures to the risks where necessary;
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

During the period management has received regular reports from the internal auditors covering the effectiveness of the systems of operational and financial controls. On behalf of the Board, management has reviewed the effectiveness of systems of internal financial control in existence for the year ended 31 March 2019. No weaknesses were found in the internal controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements. The Board of Directors is satisfied that this remains the case up to the signing of these documents.

SIGN REQUIRED FROM ANN LUCAS

Ann Lucas
Chair
Second Floor, City Reach, 5 Greenwich View Place
London E14 9NN
Reg. No. 06249790

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT,
THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOWER HAMLETS HOMES LIMITED

Opinion

We have audited the financial statements of Tower Hamlets Homes Limited ("the company") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Other information

The directors are responsible for the other information, which comprises the strategic report and the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in [the strategic report and] the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 11&12, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Joanne Lees (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, Canary Wharf, London, E14 5GL
Date: 26 November 2020

Statement of Comprehensive Income
For the year ended 31 March 2020

	Notes	2019-20	2018-19
		£	£
Turnover (Management Fee)	2	33,236,220	31,913,495
less Cost of Sales		(33,491,268)	(31,072,111)
Operating profit / (loss)		<u>(255,049)</u>	<u>841,384</u>
Net interest on pension scheme assets	6	(244,000)	0
Interest receivable & similar income	6	32,815	31,135
Profit / (loss) before Tax	3	<u>(466,234)</u>	<u>872,519</u>
Tax	7	(6,235)	(5,916)
Surplus / (deficit) for the Financial Year		<u>(472,469)</u>	<u>866,603</u>
Other comprehensive income:			
Actuarial (Loss)/Gain in Pension Scheme	13	13,833,000	(10,972,000)
Related Movement in Reimbursement Right Asset	13	(8,636,000)	8,636,000
Total comprehensive Surplus/(Loss) for the year		<u>4,724,531</u>	<u>(1,469,397)</u>

The notes on pages 20 - 34 form part of these statements.

Statement of Financial Position

At 31 March 2020

	Notes	31-Mar-20 £	31-Mar-19 £
Fixed Assets			
Tangible Assets	8	737,109	74,221
		<u>737,109</u>	<u>74,221</u>
Pension Surplus			
	13	5,197,000	0
Current Assets			
Reimbursement Right Asset	13	0	8,636,000
Debtors	9	740,135	570,749
Cash	15	5,279,899	7,275,460
		<u>6,020,034</u>	<u>16,482,209</u>
Current Liabilities			
Creditors: Amounts falling due within one year	10	(2,774,958)	(3,226,794)
		<u>(2,774,958)</u>	<u>(3,226,794)</u>
Net Current Assets		3,245,075	13,255,415
Total Assets less Current Liabilities		9,179,185	13,329,636
Provisions for Liabilities			
Pension Liability	13	0	(8,636,000)
Other Provisions	11	(366,585)	(605,568)
Net Assets		<u>8,812,600</u>	<u>4,088,068</u>
Total Capital & Reserves		<u>8,812,600</u>	<u>4,088,068</u>
Analysis of Capital & Reserves			
Pension surplus reserve		5,197,000	0
General reserve		3,615,599	4,088,068
Total Capital & Reserves	12	<u>8,812,600</u>	<u>4,088,068</u>

The notes on pages 19 - 32 form part of these statements.

The financial statements were approved by the board on 26 November 2020 and were signed on its behalf by:

Ann Lucas
Chair
Second Floor, City Reach, 5 Greenwich View Place
London E14 9NN
Reg. No. 06249790

Statement of Cash Flows
For the year ended 31 March 2020

	Notes	2019-20 £	2018-19 £
Cash flows from operating activities			
Operating Surplus / (deficit) for the financial year		(255,049)	841,384
Adjustments for:			
Depreciation of tangible assets		156,010	33,778
Movements in pension scheme	13	(244,000)	0
Taxation		(6,235)	(5,916)
Decrease/(Increase) in debtors		(169,386)	189,732
Increase in creditors		(826,028)	70,547
Decrease in provisions		(238,983)	(286,606)
Deficit on disposals		2,669	1,476
Net cash from operating activities		<u>(1,206,808)</u>	<u>844,395</u>
Cash flows from investing activities			
Purchases of tangible assets	8	(821,568)	(46,649)
Interest received	14	32,815	31,135
Net cash from investing activities		<u>(788,753)</u>	<u>(15,514)</u>
Cash flows from financing activities			
Interest paid		0	0
Net cash from financing activities		<u>0</u>	<u>0</u>
Cash & cash equivalents at start of year		7,275,460	6,446,579
Cash & cash equivalents at end of year		5,279,899	7,275,460

The notes on pages 20 - 34 form part of these statements.

Statement of Changes in Equity

For the year ended 31 March 2020

	Pension Surplus Reserve	General Reserve
	£	£
Surplus & deficit account at 31 March 2018	2,336,000	3,221,465
Deficit for the year	0	866,603
Actuarial loss on Pension Scheme	0	(10,972,000)
Reduction in reimbursement right	0	8,636,000
Total comprehensive surplus for the year	<u>0</u>	<u>(1,469,397)</u>
Transfer to Pension Surplus Reserve	(2,336,000)	2,336,000
Surplus & deficit account at 31 March 2019	0	4,088,068
Deficit for the year	0	(472,469)
Actuarial gain on Pension Scheme	0	13,833,000
Increase in reimbursement right	0	(8,636,000)
Total comprehensive surplus for the year	<u>0</u>	<u>4,724,531</u>
Transfer from Pension Surplus Reserve	5,197,000	(5,197,000)
Surplus at 31 March 2020	5,197,000	3,615,599

The notes on pages 20 - 34 form part of these statements.

Notes

(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied in dealing with items which are considered material in relation to the Company's financial statements.

Status of Company & Composition of the Board

The Company is limited by guarantee and does not have any share capital. The London Borough of Tower Hamlets, the ultimate parent organisation, undertakes in the event of the Company being wound up, to contribute such amount as may be required for the payment of the debts and liabilities of the Company providing this amount does not exceed one pound. After the satisfaction of all the debts and liabilities the remaining assets will be transferred to the Council's Housing Revenue Account (as defined in the 1989 Act).

A Board of non-executive directors provides strategic management of the Company and is intended to be comprised as follows:

- 4 Borough Council nominees;
- 4 appointed tenants and leaseholders;
- 4 independent members appointed from the local community.

The composition of the Board reflects the range and mix of skills and experience required for the effective management of the Company. The Board is supported by executive management team which is responsible for the day to day running of the Company.

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards including *FRS102 - The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland* and with the *Companies Act 2006* and on the basis of the company's Going Concern which is set out in page 6.

Tower Hamlets Homes Limited undertakes the management and maintenance of the housing stock of The London Borough of Tower Hamlets under a management agreement. Tower Hamlets Homes Limited is a wholly owned subsidiary of The London Borough of Tower Hamlets and in the event of Tower Hamlets Homes Limited winding up, all assets and liabilities will transfer to The London Borough of Tower Hamlets.

Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, including the impact of the COVID-19 pandemic, the company will have sufficient funds to meet its liabilities as they fall due for that period.

The impact of Covid-19 is still to be fully understood. The company is not reliant on rents, but on long-term contractual income from LB of Tower Hamlets Council. It is intended that a revised financial plan, including revised cash flow forecasts, will be presented to the Board at their March 2021 meeting.

A new management agreement has been approved by the Board and the Council, which covers four years from 2020/21 to 2023/24. The agreement has an option for the Council to extend the arrangement for a further four years.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Turnover

Turnover represents the amounts derived from Management Fees in respect of the provision of goods and services to the London Borough of Tower Hamlets. It is stated net of value added tax.

In 2019-20, the Company received £35,580,220 in total, being £33,236,220 in management fee and £2,344,000 towards pension contributions.

Notes - continued

Fixed assets and depreciation

Depreciation is provided to write off the cost, less the estimated residual value, of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures, fittings & equipment	5 Years
ICT equipment	3 Years

Basic Financial Instruments

Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, deposits held at call with banks, and monies deposited with banks for investments.

The company has no interest bearing borrowings.

Leases

Operating lease rentals are charged to the Income & Expenditure Account on a straight line basis over the period of the lease.

Post-retirement benefits

The company participates in the Local Government Pension Scheme (LGPS). The scheme is a defined benefit pension scheme based partly on final and partly on average pensionable salary. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full, based on professional advice received from the Company's auditors. The movement in the scheme surplus/deficit is split between operating charges, finance items and actuarial gains and losses. To reflect the volatility of, and uncertainty relating to, the recovery of a pension scheme surplus, any gain creating an overall surplus is allocated to a separate reserve, which will only be transferred back to general reserves if and when the surplus is realised.

Pension reimbursement rights

It has been agreed with The London Borough of Tower Hamlets that where a deficit arises that they will provide an indemnity in respect of the pension obligations of the company. Accordingly where a deficit arises, an equivalent reimbursement right asset is recognised on the balance sheet to reflect the Council indemnity. The change in value of this reimbursement right asset over the year is shown in the statement of comprehensive income.

Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Except where otherwise required, full provision is made without discounting.

Notes - continued

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and bank deposits repayable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

2. Analysis of turnover before taxation

	2019-20	2018-19
	£	£
Management fee	35,580,220	34,121,495
Less pension contributions	<u>(2,344,000)</u>	<u>(2,208,000)</u>
Turnover	<u>33,236,220</u>	<u>31,913,495</u>

The change in presentation from 2018-19 to 2019-20 is due to there being no pension reimbursement position in 2019-20.

Turnover is made up exclusively of the management fee, the sole activity being management of the Council's housing stock.

3. (Deficit)/Surplus before taxation

	2019-20	2018-19
	£	£
Surplus before Taxation	(466,234)	872,519
Auditor's remuneration	28,500	27,950
Depreciation	156,010	33,778
Gain on disposal of fixed assets	2,669	1,476

4. Remuneration of directors

The Directors are defined as being members of Tower Hamlets Homes Limited Main Board. None of the Directors received any remuneration or taxable benefits, and none were members of the pension scheme.

Notes - continued

5. Staff numbers and costs

The average number of full time equivalents employed by the Company during the period, analysed by service, was as follows:

Directorate	2019-20	2018-19
Asset Management	89	72
Business Transformation	90	41
Chief Executive	1	1
Finance	15	14
Neighbourhoods	289	335
	484	463

The aggregate payroll costs of these persons were as follows:

	2019-20	2018-19
	£	£
Wages & Salaries	17,732	16,060
Social security costs	1,829	1,636
Other pension costs	2,344	2,208
Total	21,905	19,904

The emoluments of the highest paid employee amounted to £150,000 (2018-19: £150,000) excluding employer's pension contributions of £27,600 (2018-19: £27,600).

The highest paid employee received emoluments 6.4 times that of the lowest paid full time employee.

During the 2019-20 financial year there were 5 payments of termination by the Company. The total severance costs came to £131,656, (2018-19 there were 6 payments of termination amounting to £145,970 in relation to severance cost).

No further termination benefits were agreed in the year.

Notes - continued

6. Interest and similar charges

	2019-20	2018-19
	£	£
Interest receivable and similar income	32,815	31,135
Net interest on pension scheme assets	(244,000)	(20,000)
Related movement in reimbursable asset	<u>244,000</u>	<u>20,000</u>
	<u>32,815</u>	<u>31,135</u>

7. Taxation

A. Analysis of charge in period

	2019-20	2018-19
	£	£
UK Corporation Tax in the Period	<u>6,235</u>	<u>5,916</u>
Tax on Surplus	<u>6,235</u>	<u>5,916</u>

B. Current tax reconciliation

Factors affecting the tax charge for the current period:

The tax assessed for the year differs from the standard rate of corporation tax. The differences are explained below.

	2019-20	2018-19
	£	£
Interest Received	<u>32,815</u>	<u>31,135</u>
Total current tax charge at 19%	<u>6,235</u>	<u>5,916</u>

Published guidance from HMRC states that transactions between an ALMO and a Council do not constitute trading and are therefore non-taxable. The Company is liable to tax on dealings with any third parties and any interest received; the rate and amount payable reflects this position.

The basis of this ruling is that the relationship between the ALMO and the Council lacks the necessary degree of commerciality to be trading for corporation tax purposes. Should the relationship between the bodies change, or should the ALMO diversify its activities, then this exemption may not be available.

Notes – continued

8. Tangible fixed assets

Fixtures Fittings & Equipment	£
At Cost 31 March 2019	716,014
Additions	821,568
Disposals	(6,849)
At Cost 31 March 2020	<u>1,530,732</u>
Accumulated Depreciation 31 March 2019	(641,792)
Depreciation	(156,010)
Disposals	4,180
Accumulated Depreciation 31 March 2020	<u>(793,623)</u>
Net Book Value 31 March 2019	74,221
Net Book Value 31 March 2020	737,109

The majority of fixed assets included above are IT equipment with an assumed life of 3 years, or other office equipment with an assumed life of 5 years. The additions (£789k) has increased due to fitting and fixture at our new office move at City Reach and £124k of this amount has been depreciated.

9. Debtors & Prepayments

	2019-20	2018-19
	£	£
LBTH Debtor	179,979	458,281
Staff Loans	39,574	37,822
Third Party Debtors	39,832	34,213
Prepayments	480,751	40,433
	<u>740,135</u>	<u>570,749</u>

10. Creditors: amounts falling due within year

	2019-20	2018-19
	£	£
Third Party Creditors	1,221,413	1,199,239
LBTH Creditor	1,196,153	1,923,441
Corporation Tax Creditor	6,235	5,916
VAT Creditor	351,157	98,198
	<u>2,774,958</u>	<u>3,226,794</u>

Notes – continued

11. Provisions for Liabilities and Charges

	£
At beginning of period	605,568
Decrease during the year (use of provision in year)	<u>(238,983)</u>
At end of period	<u>366,585</u>

Provisions have been created in light of on-going business transformation costs. The balance represents provisions for on-going employee litigation (70k), disrepair claims (152k) and the other business transformation costs (144k).

12. Reserves

	Pension Reserve	General Reserve
	£	£
At beginning of period	0	4,088,068
Retained Profit for the period	0	4,724,531
Transfer between reserves	5,197,000	-5,197,000
At end of period	<u>5,197,000</u>	<u>3,615,599</u>

Notes – continued

13. Pension Scheme

A. Introduction

The Company participates in the London Borough of Tower Hamlets Pension Fund. The pension cost charge for the period for current service costs amounted to £5,527,000 (2018-19: £4,413,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

The pension scheme provides benefits based on final or average pensionable pay, contributions being charged to the surplus and deficit account so as to spread the cost of pensions over employees' working lives with the Company. The contributions are determined by a qualified actuary. The most recent valuation was at 31 March 2020.

The Company recognises the entirety of its pension scheme rights and obligations on its own books, rather than only those rights and obligations that have arisen since the transfer of staff to the ALMO.

If the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a surplus. An entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future (as with THH) or through refunds from the plan. Where a pension scheme deficit arises, an equivalent reimbursement right asset is recognised on the balance sheet to reflect the Council indemnity. This reimbursement right asset is further explained above in Note 1.

B. Retirement Benefits

Under the requirements of FRS17 the Company is required to disclose further information on the assets and liabilities of the scheme on a market value basis at the end of the accounting period.

The required information is set out below:

The major categories of plan assets as a percentage of total plan assets

The Actuary has used the most recent asset split provided to them and allowed for index returns, where required, on each asset category to determine the estimated split of assets as at 31 March 2020.

Period Ended	31-Mar-2020	31-Mar-2019
Equities	60%	60%
Bonds	29%	29%
Property	10%	10%
Cash	1%	1%

The Actuary estimates the bid value of the Fund's assets as at 31 March 2020 to be £1,520,409,000 based on information provided by the Administering Authority and allowing for index returns where necessary. Please note the Employer's fair value of plan assets is approximately 8% of the Fund's total

Financial Assumptions

Period ended	31-Mar-2020	31-Mar-2019
Pension increase rate	1.9%	2.5%
Salary increase rate	2.1%	2.3%
Discount rate	2.3%	2.4%

Mortality Assumptions

	Males	Females
Current pensioners	21.5 years	23.5 years
Future pensioners	22.6 years	25.0 years

Notes – continued**C. FRS102 Pension Scheme Disclosures at 31 March 2020**

Period ended 31 March 2020	Assets £(000)	Obligations £(000)	Net (liability)/asset £(000)
Fair value of plan assets	110,959		110,959
Present value of funded liabilities		119,595	(119,595)
Present value of unfunded liabilities		0	0
Opening Position as at 31 March 2019	110,959	119,595	(8,636)
Service cost			
Current service cost		5,414	(5,414)
Past service cost (including curtailments)		113	(113)
Effect of settlements	0	0	0
Total service cost	0	5,527	(5,527)
Net interest			
Interest income on plan assets	2,684		2,684
Interest cost on defined benefit obligations		2,928	(2,928)
Impact of asset ceiling on net interest	0	0	0
Total net interest	2,684	2,928	(244)
Total defined benefit cost recognised in Profit/(Loss)	2,684	8,455	(5,771)
Cashflows			
Plan participants' contributions	910	910	0
Employer contributions	2,344		2,344
Estimated benefits paid	(1,984)	(1,984)	0
Estimated Unfunded benefits paid	0	0	0
Est Contributions in respect of unfunded benefits paid	0	0	0
Effect of business combinations and disposals	0	0	0
Expected closing position	114,913	126,976	(12,063)
Remeasurements			
Changes in demographic assumptions		(10,162)	10,162
Changes in financial assumptions		(3,977)	3,977
Other experience		(2,384)	2,384
Return on assets ex amounts included in net interest	737		737
Total remeasurements recognised in OCI	737	(16,523)	17,260
Fair value of plan assets	115,650		115,650
Present value of funded liabilities		110,453	(110,453)
Present value of unfunded liabilities		0	0
Closing position as at 31 March 2020	115,650	110,453	5,197

Notes – continued**Changes in Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for year ended 31 March 2019**

Period Ended 31 March 2019	Assets £(000)	Obligations £(000)	Net (liability)/asset £(000)
Fair value of plan assets	103,175		103,175
Present value of funded liabilities		102,816	(102,816)
Opening Position as at 31 March 2018	103,175	102,816	359
Service cost			
Current service cost		4,412	(4,412)
Past service cost (including curtailments)		1	(1)
Effect of settlements	0	0	0
Total service cost	0	4,413	(4,413)
Net interest			
Interest income on plan assets	2,807		2,807
Interest cost on defined benefit obligations		2,827	(2,827)
Total net interest	2,807	2,827	(20)
Total defined benefit cost recognised in Profit/(Loss)	2,807	7,240	(4,433)
Cashflows			
Plan participants' contributions	835	835	0
Employer contributions	2,208		2,208
Contributions in respect of unfunded benefits	0		0
Estimated Benefits paid	(1,302)	(1,302)	0
Unfunded benefits paid	0	0	0
Effect of business combinations and disposals	0	0	0
Expected closing position	107,723	109,589	(1,866)
Remeasurements			
Changes in demographic assumptions		0	0
Changes in financial assumptions		10,006	(10,006)
Other experience		0	0
Return on assets ex amounts included in net interest	3,236		3,236
Total remeasurements recognised in OCI	3,236	10,006	(6,770)
Fair value of plan assets	110,959		110,959
Present value of funded liabilities		119,595	(119,595)
Closing position as at 31 March 2019	110,959	119,595	(8,636)

Notes – continued

14. Analysis of adjustments to cash flows

Returns on investment and servicing of finance	2019-20	2018-19
	£	£
Interest receivable from bank	31,486	30,066
Interest receivable from staff	1,329	1,069
	<u>32,815</u>	<u>31,135</u>

15. Analysis of movement of net funds

	2019-20	Cash flow	2018-19
	£	£	£
Cash in hand & at bank	5,279,899	1,995,561	7,275,460

16. Commitments

Lease Commitments	31-Mar-20	31-Mar-19
		re-instated
Within one year	494,050	135,000
Within two to five years	1,347,150	270,000
Over five years	0	0

The company holds two leases on offices at Harford Centre, Harford Street, London E1 and City Reach, London E14

THH signed a five year lease for office space at City Reach on 1st May 2019. The costs of sales figure includes £494,050 rent for City Reach and Harford Centre

Notes – continued

17. Related party disclosures

Details as to the status of the Company and composition of the Board of Directors are given in Note 1.

The ultimate controlling party is The London Borough of Tower Hamlets.

The Company's main source of income is a management fee for the management of The London Borough of Tower Hamlets housing stock: this amounted to £35,580,220 (2018-19: £34,121,495), at the end of the financial period. Of this £2,344,000 relates to reimbursement of employer pension contributions (2018-19: £2,208,000).

There was a related party debtor balance of £179,979 at 31 March 2020 (£458,281 at 31 March 2019).

There was a related party creditor balance of £1,196,153 at 31 March 2020 (£1,923,441 at 31 March 2019).

In the event of the Company being wound up, The London Borough of Tower Hamlets undertakes to contribute such amount as may be required for the payment of the debts and liabilities of the organisations providing this amount does not exceed one pound. The exception to this is the reimbursement rights asset relating to the pension liability which fully covers this. After the satisfaction of all debts and liabilities the remaining assets will be transferred to the Housing Revenue Account (as defined in the 1989 Act) of The London Borough of Tower Hamlets.

One of the board Members of Tower Hamlets Homes also hold senior management positions or Chair for organisations that THH transacts with throughout the year are as follows:

- Somali Integration Team - £8,415 expenditure

18. Contingent Liability

The Company had no contingent liabilities as at 31 March 2020 (2019: Nil).

19. Financial Instruments measured at fair value

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

	2019/20	2018/19
	£	£
Carrying amount of financial instruments		
<i>The carrying amounts of the financial assets and liabilities include:</i>		
Assets measured at fair value through profit or loss	740,135	570,749
Liabilities measured at fair value through profit or loss	2,774,958	3,226,794
Loan commitments measured at cost less impairment	<u>0</u>	<u>0</u>

20. Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company is a wholly owned subsidiary of The London Borough of Tower Hamlets, although the Council has determined that the accounts of Tower Hamlets Homes Ltd are not sufficiently material to warrant consolidation into its own accounts.

21. Post Balance Sheet Events

There have been no significant events subsequent to the balance sheet date of 31 March 2020.



Tower Hamlets Homes Limited

Report to the Audit and Risk Committee

Financial Statements for the year ended 31 March 2020

—

26 November 2020

Introduction

To the Audit and Risk Committee of Tower Hamlet Homes Limited

We are pleased to have the opportunity to discuss the results of our audit of the financial statements of Tower Hamlet Homes Limited (the 'Company'), as at and for the year ended 31 March 2020.

This report should be read in conjunction with our audit plan and strategy report, presented in March 2020. We will be pleased to elaborate on the matters covered in this report when we meet.

Our audit is substantially complete. There have been no significant changes to our audit plan and strategy other than consideration of the impact of Covid-19 as a specific focus of our going concern work.

Subject to the Board's approval, we expect to be in a position to sign our audit opinion on the financial statements in line with Company's timetable.

We expect to issue an unmodified Auditor's Report.

We draw your attention to the important notice on page 3 of this report, which explains:

- The purpose of this report; and
- Limitations on work performed;
- Restrictions on distribution of this report.

Yours sincerely,

Joanne Lees

26 November 2020

How we have delivered audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when audits are:

- **Executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality controls** and
- All of our related activities are undertaken in an environment of the utmost level of **objectivity**, independence, **ethics** and **integrity**.

Contents	Page
Important notice	3
Our audit findings	4
Audit risks	5
Key accounting estimates	10
Appendix	12



Important notice

This report is presented under the terms of our audit engagement letter.

- Circulation of this report is restricted.
- The content of this report is based solely on the procedures necessary for our audit.

Purpose of this report

This Report has been prepared in connection with our audit of the financial statements of Tower Hamlets Homes Limited (the 'Company'), prepared in accordance with Financial Reporting Standards ('FRS 102'), as at and for the year ended 31 March 2020.

This Report has been prepared for the Association's Audit and Risk Committee, in order to communicate matters of interest as required by ISAs (UK and Ireland), and other matters coming to our attention during our audit work that we consider might be of interest, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone (beyond that which we may have as auditors) for this Report, or for the opinions we have formed in respect of this Report.

This report summarizes the key issues identified during our audit but does not repeat matters we have previously communicated to you.

Limitations on work performed

This Report is separate from our audit report and does not provide an additional opinion on the Company's financial statements, nor does it add to or extend or alter our duties and responsibilities as auditors reporting to the Company's members in accordance with the Companies Act.

We have not designed or performed procedures outside those required of us as auditors for the purpose of identifying or communicating any of the matters covered by this Report.

The matters reported are based on the knowledge gained as a result of being your auditors. We have not verified the accuracy or completeness of any such information other than in connection with and to the extent required for the purposes of our audit.

Status of our audit

Our audit is complete. However matters communicated in this Report may change pending signature of our audit report. We will provide an oral update on the status.

Restrictions on distribution

The report is provided on the basis that it is only for the information of the Audit and Risk Committee of the Company; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.



Our audit findings

Significant audit risks
Pages 6 –8

Significant audit risks	Page
Valuation of pension fund liability	6
Revenue recognition - fraud risk related to revenue recognition	7
Management override of controls	8

Other areas of focus

Going concern	9
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The impact of Covid-19 is discussed as part of going concern on page 9

Key accounting judgements **Page 11**

Pension Liabilities	Neutral	We utilised our KPMPG specialists to review the assumptions used by the actuary – all were deemed to be within the acceptable range.
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Corrected and uncorrected audit misstatements

Based on our work to date, there is one corrected misstatement.

Page 17

Control deficiencies identified

We have identified one control deficiency

Page 13

Outstanding matters

Our audit is substantially complete except for the following areas:

- Receipt of management representation letter



Significant risks and other areas of audit focus

We discussed the significant risks which had the greatest impact on our audit with you when we were planning our audit.

Our risk assessment draws upon our historic knowledge of the business, the industry and the wider economic environment in which Tower Hamlet Homes Limited operates.

We also use our regular meetings with senior management to update our understanding and take input from local audit teams and internal audit reports.

We have considered the significant risks / areas of audit focus for the impact of Covid-19 as discussed on slide 13.

Significant risks

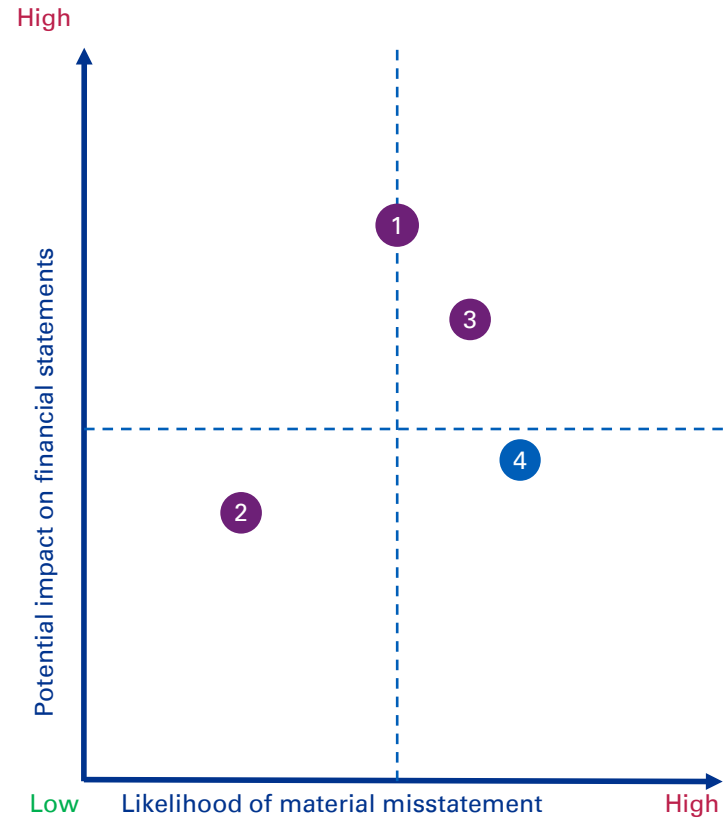
- ① Valuation of pension fund liability
- ② Revenue recognition - fraud risk related to revenue recognition
- ③ Management override of controls

Other areas of audit focus

- ④ Going concern

KEY

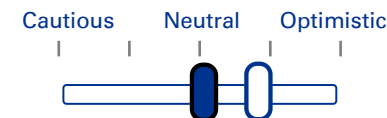
- ① Significant financial statement audit risks
- ① Other areas of audit focus
- ① Change compared to prior year
- ① New matter
- ① Key audit matter



See the following slides for the cross-referenced risks identified on this slide.



Significant risks



1 Valuation of post retirement benefit obligations

Significant risk

The risk

- The entity is a member of London Borough of Tower Hamlets Local Government Pension Scheme. The valuation of such Local Government Pension Schemes relies on a number of assumptions, most notably around the actuarial assumptions.
- It is important that the assumptions used reflect the profile of the entity’s employees. It is also important that assumptions are derived on a consistent basis year to year, or updated to reflect the entity’s current position. There are also generic financial assumptions and demographic assumptions used in the calculation of the entity’s liability.
- In addition due to the nuances of the Local Government Pension Scheme, the allocation of assets is an actuarial procedure, as opposed to a direct allocation of investments. This is based on a methodology applied by the Scheme actuary.

Our response

We will perform the following procedures:

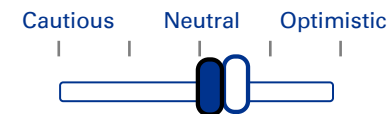
- Evaluated the competency, objectivity of the Scheme actuaries;
- Reviewed the information provided to the Pension Schemes Actuaries by the Company which input into the calculation of the scheme valuation;
- Challenged, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data.
- Reviewed the accounting treatment and entries applied by the Company are in line with FRS102 and the SORP;
- Reviewed the methodology for valuation of the Company’s share of scheme assets, including consideration as to the return on assets achieved during the year; and
- Reviewed the actuarial valuation report produced by the Scheme’s Actuary and confirm the information is accurately disclosed in the financial statements.

Our findings

- Our actuarial team performed their procedures in respect of the assumptions that underpin the actuarial valuation and found these to be within the expected range.
- The competency and objectivity of the scheme actuaries was found to be appropriate.
- Key assumptions and the methodology applied in the valuation are considered to be appropriate by our actuarial expert.
- The pension disclosure accurately reflects the actuarial valuation and findings.
- We utilised KPMPG actuarial specialists to review the assumptions used by the actuary – all were deemed to be within the acceptable range.



Significant risks



2 Revenue recognition - fraud risk related to revenue recognition

Significant risk

The risk

- Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk.
- The nature of income from the management fee which represents a significant element of Tower Hamlets Homes Ltd’s business, means that revenue is recorded and collected on a regular basis. The fraud risk from revenue recognition on the management fee income is therefore not regarded as significant and as such the risk is rebutted for this income stream.

Our response

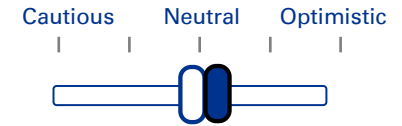
We have performed the following procedures:

- We have rebutted the presumed risk of fraud over the management fee income stream. We have not rebutted this risk for other income streams.
- Our audit team has remained alert to indications of fraud during the course of the audit, and have responded accordingly;
- In response to the presumed fraud risk to revenue recognition over these income streams, we have assessed whether transactions either side of the balance sheet date at year end are recognised in the correct period.

Our findings

- We obtained confirmation of the rental income and management fee balances from the Company’s parent (London Borough of Tower Hamlets).
- We tested a sample of repairs income billed to the Council and confirmed that all invoices were accepted and paid.
- We tested a sample of transactions either side of the year-end to assess whether balances were accounted for in the correct period. We did not identify any errors.
- Our testing did not identify any issues we wish to bring to the attention of the Audit Committee

Significant risks



3 Management override of controls

Significant risk

The risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We have not identified any specific additional risks of management override relating to this audit.

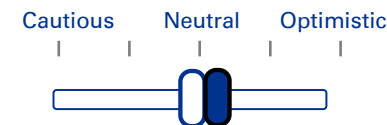
Our response

- Our audit methodology incorporates the risk of management override as a default significant risk.
- In line with our methodology, we have:
- Tested the operating effectiveness of controls over journal entries and post closing adjustments.
 - Substantively tested identified high risk journals to supporting evidence. In addition we have substantively tested all material post closing adjustments.
 - Assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
 - Assessed the appropriateness of the accounting for significant transactions that are outside the component's normal course of business, or are otherwise unusual.

Our findings

- We have tested the completeness of the journals listing for the year and a sample of individual journals based upon a set of high risk criteria. We do not have any findings that we wish to bring to the attention of the Audit Committee.
- We have not identified any significant transactions that are outside of the normal course of business
- Our audit work has not presented any changes to the assumptions and methods used to present accounting estimates.

Other areas of audit focus



4 Going Concern

Area of audit focus

- Management’s assessment of the entity’s ability to continue as a going concern involves significant judgement with respect to key estimates and judgements.
- During March 2020 the government put in place restrictions over non-essential travel and work as a response to the coronavirus pandemic. This had an impact on the day to day operations of the Company
- The economic impact of these restrictions has led to higher estimation uncertainty within year end valuations, including pensions.
- In addition, there is an enhanced financial risk associated with reduced income from management fees due to additional pressure on the Council.

Our response

We evaluated the going concern assessment made by management to determine, in particular:

- whether the assumptions are realistic and achievable and consistent with the external and/or internal environment taking into account the impact of Covid-19 and other matters identified in the audit.
- the reasonableness of management’s budgets/forecasts and evaluated whether key assumptions are within a reasonable range.

We challenged management’s plans for future actions, and verified the reliability and relevance of data used

We considered the implications of the pandemic on assumptions and judgements made in respect the valuations of assets and liabilities including pensions assets and liabilities.

We have undertaken appropriate internal consultation over the impact of Covid-19 on the going concern assumption including the nature and extent of stress testing performed by management and whether appropriate disclosure has been made in the financial statements.

Our findings

- Management have developed their budget and cash forecast scenarios to incorporate Covid-19 related stress tests.
- We reviewed management agreement in place between Tower Hamlets Homes Limited and the Council and noted a four year extension of the existing contract.
- We have reviewed the basis of preparation used by Management and consider this to be appropriate.
- We have no issue to report on this matter.

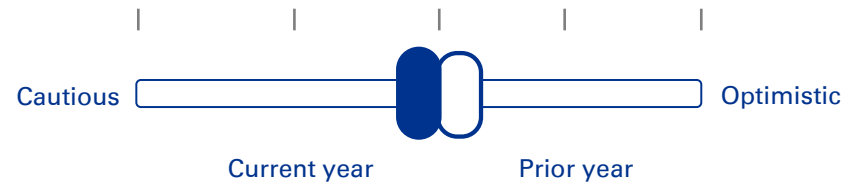


Key accounting estimates - Overview

Our view of management judgement

Our views on management judgments with respect to accounting estimates are based solely on the work performed in the context of our audit of the financial statements as a whole. We express no assurance on individual financial statement captions.

Cautious means a smaller asset or bigger liability; optimistic is the reverse.



Asset/liability class	Our view of management judgement	Balance (£m)	YoY change (£m)	Our view of disclosure of judgements & estimates	Further comments
	Cautious Neutral Optimistic 				
Pensions Defined benefit asset		115.7	4.7	Acceptable	We utilised our KPMPG specialists to review the assumptions used by the actuary – all were deemed to be within the acceptable range.
Pensions Defined benefit liabilities		110.5	(9.1)	Acceptable	No adjustment was deemed necessary with respect to GMP and McCloud.

Significant audit misstatements and other matters

Misstatements

There are no uncorrected audit misstatements to report.

Management has approved the correction of the audit misstatements detailed on page 17 and they are reflected in the financial statements. There were no uncorrected audit misstatements.

Control deficiencies

We obtain an understanding of internal control to design appropriate audit procedures, but not to express an opinion on the effectiveness of the Company's internal control.

We have identified a control deficiency in relation to management review controls over pensions valuation. Please see page 13.



Appendix

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Appendix One

Recommendations raised and followed up



The recommendations raised as a result of our work in the current year are as follows:

Priority rating for recommendations			
1	Priority one: issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.	2	Priority two: issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.
3	Priority three: issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.		

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date
1	2	<p>Review of pensions assumptions</p> <p>We noted from our review of the pensions process that there are currently no process in place for the review and sign off of the pension assumptions prepared by the actuary by senior management.</p> <p>There is a risk that management does not review the assumptions to a sufficient precision which will allow them to identify significant issues</p> <p>We recommend that management evidence their review of the year end assumptions and document in more detail the precision with which they review the assumptions and challenge the actuaries on the assumptions they have set.</p>	

Appendix One

Recommendations raised and followed up



#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date	Current Status (November 2020)
1	2	<p>Legal position of pension surpluses</p> <p>The Company's reimbursement agreement with the Council with respect to the pension scheme provides specific treatment as to how pension deficits should be reimbursed.</p> <p>No guidance is, however, disclosed for when the pension scheme is in surplus.</p> <p>Under current accounting guidelines, the Company is unable to recognise a pension surplus. However, changes to the Local Government Pension Scheme in the future may mean that the Company is able to recognise exit credits and hence a surplus.</p> <p>Consequently, it is necessary to clarify now how surpluses are reimbursed to be adequately prepared for future potential surpluses.</p> <p>The Company should reach a new agreement with the Council as to the reimbursement position of any future pension surplus rights.</p>	<p>Agreed</p> <p>This is being discussed with the Council and a form of words being agreed for inclusion in the new Management Agreement, due to take effect from 1st April 2020.</p> <p><i>Director of Finance</i></p> <p>Due Date: October 2019</p>	<p>Implemented</p> <p>The new management agreement with the Council has a wording that addresses how pension surplus or deficit should be treated if the company winds up or the management agreement is terminated.</p>
2	2	<p>Rolling forward balance sheet totals</p> <p>Tower Hamlets Homes does not roll forward balance sheet codes at the start of the financial year. Instead, to obtain the value of balance sheet accounts, the Company downloads all transaction that had occurred since the ledger was introduced in 2013. Most other organisations roll forward the balance sheet code totals at the start of each financial year and therefore transaction reports are simplified. As a side effect of this process, the amount taken to retained earnings is manually calculated each year during the production of the accounts, because no amount is journalled over to the reserves code.</p> <p>The process for producing the balance sheet is laborious and open to error. The transaction reports will, over time, become increasingly large and unwieldy, which will also reduce the efficiency of the accounts production process.</p> <p>We recommend that the Company, at the end of each financial year, rolls forward balance sheet code totals to make opening balances. As part of this, the total profit/loss for the year should be journalled onto a retained earnings code.</p>	<p>Agreed</p> <p>Subject to LBTH timeframe for the upgrade of Agresso.</p> <p><i>Director of Finance</i></p> <p>Due Date: October 2019</p>	<p>In progress</p> <p>The Agresso upgrade is due to happen soon, Council colleagues are deciding whether to make changes before or after the upgrade.</p>

Appendix One

Recommendations raised and followed up



#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date	Current Status (November 2020)
3	2	<p>Accuracy of pension reporting</p> <p>One of the two pension misstatements identified last year arose because the Company both accounted for its in-surplus pension scheme as being in deficit, and recorded the wrong amount as an actual gain through other comprehensive income.</p> <p>The figures from the Actuary’s report were copied onto the accounts template, without posting to the ledger. This approach has historically worked, however the manual intervention can result in error, and is not responsive to unusual movements, such as the pension scheme entering into surplus.</p> <p>By not posting the balances into the ledger, the Company is unable to ensure that movements on the balance sheet pension items reconcile to movements through OCI, because the balance sheet movements are not formally quantified or reviewed.</p> <p>The Company should produce a template for converting the Actuary’s report balances into the final accounting presentation, taking into account any audit adjustments identified outside of the Actuary’s report.</p> <p>The Company should ensure that pension balances are recorded on the ledger as part of the accounts production process.</p>	<p>Agreed</p> <p>In place</p> <p>Subject to LBTH timeframe for the upgrade of Agresso.</p> <p><i>Head of Finance</i></p> <p>Due Date: October 2019</p>	<p>In progress</p> <p>The Agresso upgrade is due to happen soon, Council colleagues are deciding whether to make changes before or after the upgrade.</p>



Appendix One

Recommendations raised and followed up



#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date	Current Status (November 2020)
4	2	<p>Completeness of Related Parties Disclosure</p> <p>During our review of Board declarations of interest last year, we noted three entities which fit the definition of a related party and had transactions with THH during the year. These entities had not been disclosed in the draft related parties note.</p> <p>We recommend that the finance team perform a full review of the Board declaration of interests and related transactions to identify any additional required disclosures at year end. These should be reflected in the related disclosures and communicated to auditors.</p>	<p>Agreed</p> <p>In place.</p> <p><i>Director of Finance</i></p> <p>Due Date: October 2019</p>	<p>Implemented</p> <p>All Board declaration of interest and related party disclosures were identified and reflected in the financial statement disclosures.</p>
5	2	<p>Calculation of Full Time Equivalent</p> <p>As part of our prior year testing of the full time equivalent staff numbers, we noted six individuals where their FTE average did not agree to our recalculation in our sample of 25, which caused the staff number disclosure to be overstated by 2 FTE.</p> <p>We enquired of management and noted that there was a significant amount of manual entry and manipulation of the payroll report in order to calculate FTE, particularly for leavers, whose contract hours are not pulled automatically from the system at year end.</p> <p>We recommend the process for calculation of FTE be reviewed to reduce the amount of manual input required. Where manual input is required, the calculation should be subject to more robust review in order to identify potential instances where manual input was not accurate.</p>	<p>Agreed</p> <p>Agreed: Current process is extremely manual. We are working on a process that ensures compliance and improves the accuracy of the calculation.</p> <p><i>Director of Finance</i></p> <p>Due Date: October 2019</p>	<p>Implemented</p> <p>This process is now in place and operating effectively.</p>

Appendix Two

Corrected and uncorrected audit misstatements



Under UK auditing standards (ISA (UK) 260) we are required to provide the Audit Committee with a summary of adjusted audit differences (including disclosures) identified during the course of our audit. The adjustments below have been included in the financial statements.

Adjusted audit differences (£'000)				
No.	Detail	SOCI Dr/(cr)	SOFP Dr/(cr)	Comments
3	Dr Creditors		(374)	As part of intercompany reconciliation with London Borough of Tower Hamlets, it was identified that an intercompany creditor was not included in the books of Tower Hamlets Homes. This has a direct impact on bottom line and this adjustment has been effected to correct this.
	Cr Cost of sales	374		
Total		374	(374)	

There are no uncorrected audit misstatements to report.

We have also set out below a number of presentational adjustments made by management to disclosures within the accounts:

- Staff numbers categorisation – rounding errors for high paid staff ratios.
- Leases – correction of lease amounts into the right expected year end banding categories.

Appendix Three

FRC's areas of focus

The areas of focus from the FRC's Annual Review of Corporate Reporting 2018/19 along with four thematic reviews issued in 2019 should be considered for reporting in the current financial period. Further improvements and candid disclosures in corporate reporting are called for to address matters of increasing concern to investors as well as enhancing public trust in business. The FRC suggests lack of disclosures on key and emerging issues implies that management is unaware of their potential impact, is not managing the issues effectively or is being opaque.

Narrative reporting

The FRC expects the information included in the strategic report to provide quality communication with shareholders and other stakeholders regarding a range of environmental, social and governance issues, including climate risk, as well as a balanced and comprehensive analysis of the development and performance of the Company's business during the financial year.

In times of uncertainty investors look for greater transparency in reporting to inform decision making and so careful disclosure is expected in areas exposed to heightened levels of risk such as going concern, Brexit and all areas of material estimation uncertainty.

Section 172

For this new reporting requirement the FRC expects an explanation on how the company has regard to wide ranging factors when promoting the success of the business and the consequences which they have on all stakeholders including the impact on the environment.

Brexit

Improvements in disclosures have seen companies highlighting a range of specific risks which varied by industry. The FRC noted that they should also identify mitigating action that had been taken and disclosures in this area would continue to be monitored.

Alternative Performance Measures (APMs)

The FRC still finds deficiencies in identifying and reconciling APMs to audited IFRS numbers, absent or unclear definitions of APMs and explanations of why certain amounts were excluded from adjusted measures, when they appear to be part of the normal business. The FRC's existing checklist set out in its APM thematic review issued in 2017 continues to be its benchmark.

Significant accounting Judgements

Several cases of insufficient disclosures where a particular judgment had a significant impact on reporting were found, including complex cases relating to consolidation judgment and the question of control over another entity. The FRC expects disclosures of judgment demonstrating full understanding of the rights and obligations arising from the relevant arrangements distinguishing between substantive and protective rights.










FRC's areas of focus (cont'd)

Significant estimates	The FRC continues to focus on disclosure of significant estimates to give clearer insight into possible future material changes in balance sheet values over the twelve months ahead. Disclosures regarding the sensitivity of changing assumptions and range of possible outcomes are expected.
Reporting on cash	The FRC continues to identify basis errors involving misclassification of cash flows between operating, investing and financing activities many of which inflate operating cash flows. There is a concern these errors are not being picked up during quality testing.
Supplier financing arrangements	The FRC still believe many companies are not providing relevant information about this type of arrangement, including why they are being used and the extent of their dependency.
IFRS 16 Leases	Expectations for the new standard include a clear explanation of the impact of transition and the practical expedients taken, a reconciliation between the previous IAS 17 commitment and IFRS 16 liability along with details of the key judgments applied. APMs will need to address the inconsistencies as a result of comparatives information not being restated.
Non-financial assets	The FRC will expect disclosures to explain circumstances leading to an impairment, how CGUs have been derived, significant judgment applied, and that the disclosures requirements of IAS 36 and IAS 1.125 . 2019/20 specific issues include the effect of Brexit, and/or other political-macro economic risks, the impact of climate change and environmental impact and the effect of IFRS 16.
Revenue	The FRC expects improvements in the description of the specific nature of performance obligations, and when are such obligations met (over time or at a point in time), company-specific disclosures of significant judgements, as well as consistency between the financial statement disclosures and other information (i.e.: strategic report).
Financial instruments	For corporates, the focus will continue on the application of the ECL requirements to contract balances, lease receivables and intercompany loan assets, credit risk disclosures, key assumptions and sensitivity analysis of ECL when ECLs are identified as a source of significant estimation uncertainty.

Required communications with the Audit and Risk Committee

Type	Response
Our draft management representation letter	 We have not requested any specific representations in addition to those areas normally covered by our standard representation letter for the year ended 31 March 2020.
Adjusted audit differences	 There was one adjusted audit differences.
Unadjusted audit differences	 There are no unadjusted audit differences.
Related parties	 There were no significant matters that arose during the audit in connection with the entity's related parties.
Other matters warranting attention by the Audit Committee	 There were no matters to report arising from the audit that, in our professional judgment, are significant to the oversight of the financial reporting process.
Control deficiencies	 We communicated to management in writing all deficiencies in internal control over financial reporting of a lesser magnitude than significant deficiencies identified during the audit that had not previously been communicated in writing in this report.
Actual or suspected fraud, noncompliance with laws or regulations or illegal acts	 No actual or suspected fraud involving Company management, employees with significant roles in Company-wide internal control, or where fraud results in a material misstatement in the financial statements was identified during the audit.

Type	Response
Significant difficulties	 No significant difficulties were encountered during the audit.
Modifications to auditor's report	 None.
Disagreements with management or scope limitations	 The engagement team had no disagreements with management and no scope limitations were imposed by management during the audit.
Other information	 No material inconsistencies were identified related to other information in the annual report, Strategic and Directors' reports. The Strategic report is fair, balanced and comprehensive, and complies with the law.
Breaches of independence	 No matters to report. The engagement team have complied with relevant ethical requirements regarding independence.
Accounting practices	 Over the course of our audit, we have evaluated the appropriateness of the Company's accounting policies, accounting estimates and financial statement disclosures. In general, we believe these are appropriate.
Significant matters discussed or subject to correspondence with management	 The matters arising from the audit were discussed, or subject to correspondence, with management.

Confirmation of independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Director and audit staff is not impaired.

To the Audit and Risk Committee members

Assessment of our objectivity and independence as auditor of Tower Hamlet Homes Limited

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews.

The conclusion of the audit engagement partner as to our compliance with the FRC Ethical Standard in relation to this audit engagement is subject to review by an engagement quality control reviewer, who is a partner not otherwise involved in your affairs.

We are satisfied that our general procedures support our independence and objectivity.

Independence and objectivity considerations relating to the provision of non-audit services

Summary of fees

We have considered the fees charged by us to the Company and its affiliates for professional services provided by us for the reporting period.

Total fees charged so far by us for the period ending 31 March 2020 can be analysed as follows:

Service	2019/20 (£)	2018/19 (£)
Total Audit fee	28,500	27,950
Total non-audit	0	0
TOTAL	28,500	27,950



Confirmation of Independence

For each individual piece of non-audit work an assessment of any potential threats to our independence is completed if any safeguards are required we will notify the Audit and Risk Committee. To date we have not identified any threats to our independence.

Reliance on the work of external experts

We do not anticipate using external experts engaged by KPMG. However, if we do use work from external experts engaged by KPMG we will ensure that we receive a confirmation from them regarding their independence before they assist in any work.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit and Risk Committee.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the director and audit staff is not impaired.

This report is intended solely for the information of the Audit and Risk Committee and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

KPMG LLP

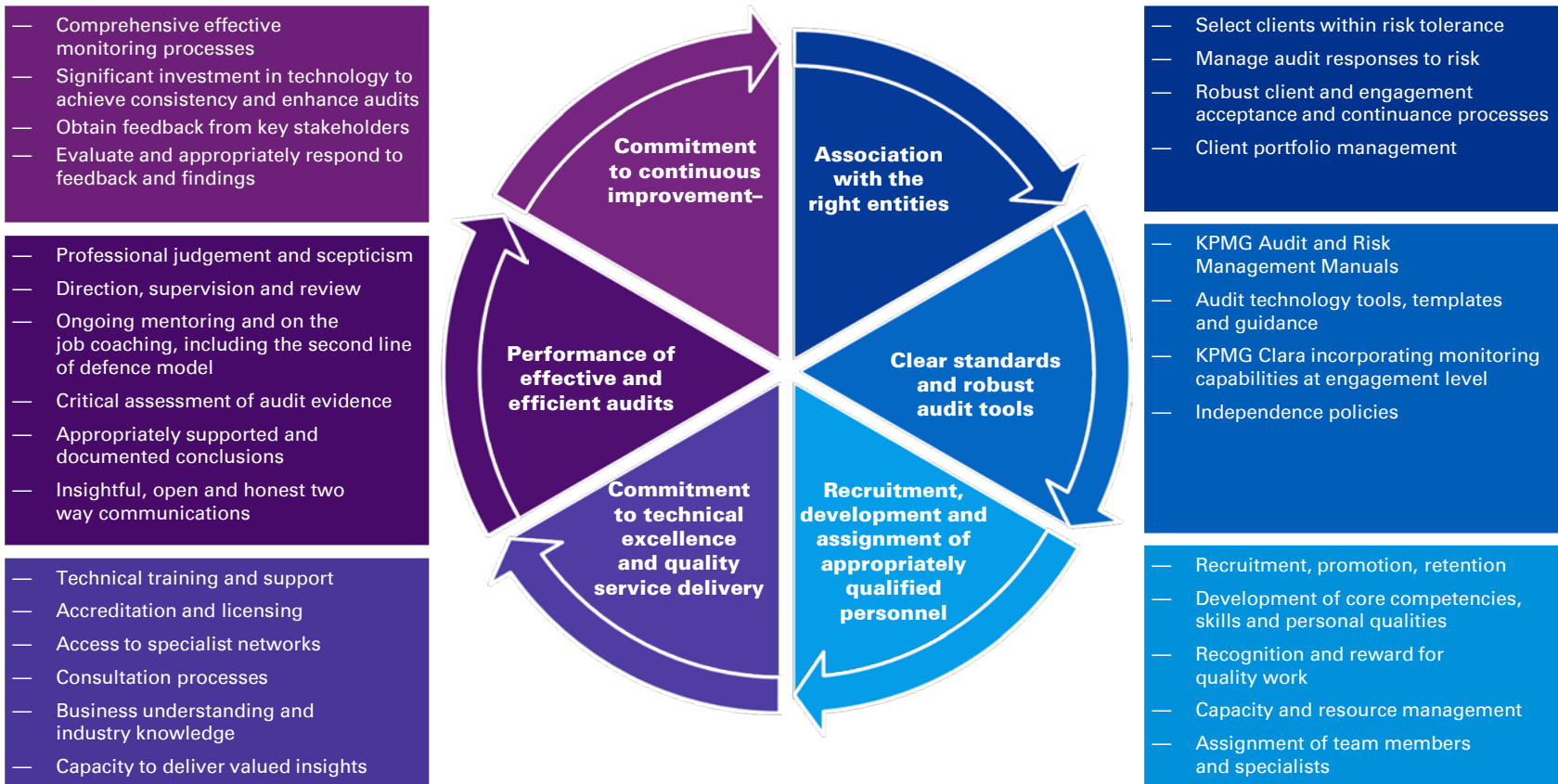


KPMG's Audit quality framework

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight Committee, and accountability is reinforced through the complete chain of command in all our teams.





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26 November 2020

**Tower Hamlets Homes
Second Floor, City Reach
5 Greenwich Place View
E14 9NN**

KPMG LLP
15 Canada Square
London
E14 5GL

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of Tower Hamlets Homes Limited ("the Company"), for the year ended 31st March 2020, for the purpose of expressing an opinion:

- i. as to whether the financial statements give a true and fair view of the state of the Company's affairs as at 31st March 2020 and of the Company's Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, and Statement of Changes in Equity for the year then ended;
- ii. whether the financial statements have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102");
- iii. whether the financial statements have been prepared in accordance with the Companies Act 2006.

These financial statements comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity, and notes, comprising a summary of significant accounting policies and other explanatory notes.

The Board confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Board confirms, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

Financial statements

1. The Board has fulfilled its responsibilities, as set out in the terms of the audit engagement dated March 2020, for the preparation of financial statements that:

- give a true and fair view of the state of the Company's affairs as at the end of its financial year and of the Company's and 's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice (including FRS 102); and
- have been prepared in accordance with the requirements of the Companies Act 2006

The financial statements have been prepared on a going concern basis.

2. Measurement methods and significant assumptions used by the Board in making accounting estimates, including those measured at fair value, are reasonable.
3. All events subsequent to the date of the financial statements and for which Section 32 of FRS 102 (*Events after the End of the Reporting Period*) requires adjustment or disclosure have been adjusted or disclosed.
4. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this representation letter.

Information provided

5. The Board has provided you with:
 - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from the Board for the purpose of the audit; and
 - unrestricted access to persons within the Company from whom you determined it necessary to obtain audit evidence.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. The Board confirms the following:
 - (i) The Board has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

- (ii) The Board has disclosed to you all information in relation to:
 - (a) Fraud or suspected fraud that it is aware of and that affects the Company and involves:
 - management;
 - employees who have significant roles in internal control; or

- others where the fraud could have a material effect on the financial statements; and
- (b) allegations of fraud, or suspected fraud, affecting the Company's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, the Board acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Board acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

8. The Board has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
9. The Board has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with FRS 102 Section 21, *Provisions and Contingencies*, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
10. The Board has disclosed to you the identity of the Company's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with FRS 102 Section 33, *Related Party Disclosures*.

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them and as defined in FRS 102.

11. The Board confirms that:
- (a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the 's and Company's ability to continue as a going concern as required to provide a true and fair view and to comply with FRS 102.
 - (b) No material events or conditions have been identified that may cast significant doubt on the ability of the and the Company to continue as a going concern.
 - (c) The Board confirms that the financial statements disclose its plans for future action relevant to the 's ability to continue as a going concern, and its assessment of the feasibility of these plans.'
12. On the basis of the process established by the Board and having made appropriate enquiries, the Board is satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities are consistent with its knowledge of the business and in accordance with the requirements of section 28 of FRS 102 .
13. The Board further confirms that:
- (a) all significant retirement benefits, including any arrangements that are:
 - statutory, contractual or implicit in the employer's actions;
 - arise in the UK and the Republic of Ireland or overseas;

- funded or unfunded; and
 - approved or unapproved,
- have been identified and properly accounted for; and

(b) all plan amendments, settlements and curtailments have been identified and properly accounted for.

This letter was tabled and agreed at the meeting of the Board on 26 November 2020.

Yours faithfully,

[Chair]

Appendix A to the Board Representation Letter of Tower Hamlet Homes Limited : Definitions

Financial Statements

A complete set of financial statements comprises:

- Company and balance sheets as at the end of the period;
- Company and Statement of Comprehensive Income for the period;
- Company and Statement of Changes in Reserves for the period;
- Company Cash Flow Statement for the period; and
- notes, comprising a summary of significant accounting policies and other explanatory information.

Material Matters

Certain representations in this letter are described as being limited to matters that are material.

FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* states that:

Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or combination of both, could be the determining factor.

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when financial statements for those periods were authorised for issue; and

- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Management

For the purposes of this letter, references to “management” should be read as “management and, where appropriate, those charged with governance”.

Qualifying Entity

A member of a Company where the parent of that Company prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that member is included in the consolidation by means of full consolidation

Related Party and Related Party Transaction

Related party:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in *FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland* as the “reporting entity”).

- a) A person or a close member of that person’s family is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions apply:
 - i. The entity and the reporting entity are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member).
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - vi. The entity is controlled, or jointly controlled by a person identified in (a).

- vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- viii. The entity, or any member of a Company of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related party transaction

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Tower Hamlets Homes

PO Box 66355
London E14 1GU

Contact

020 7364 5015
www.towerhamletshomes.org.uk
contactus@thh.org.uk

MEETING OF THE BOARD
17 December 2020 16:05 – 18:05

Via Zoom

<https://us02web.zoom.us/j/81465202029?pwd=dIYvdzJNbTgwZ1N2U2R3ZEVmNEZjQT09>

AGENDA

	<u>Type</u>	<u>Lead</u>
<i>Open Session</i>		
<i>Introductory items</i>		
1. Apologies for Absence	For Information	Chair
2. Declarations of Interest	For Information	Chair
3. Open Minutes of the Board meeting on 8 October 2020	For Decision	Chair
<i>Items for decision and discussion</i>		
4. Consumer Regulations & the Social Housing White Paper	For Discussion	Gulam H/ Lesley Owen
5. Outline Business Plan 2020/21	For Decision	Paul Davey
6. CE Report	For Discussion	Susmita Sen
7. New Operating Model (Powerpoint presentation)	For Discussion	Paul Davey
8. Minutes of the Fire Safety Group Held on 10 November 2020	For Information	Chair
<i>Closed Session</i>		
<i>Items for Decision and Information</i>		
9. Future Years Estate Maintenance Programme	For Decision	Will Manning
10. Confidential Minutes of the Board meeting on 8 October 2020	For Decision	Chair

- | | | | |
|-----|---|-----------------|------------|
| 11. | Minutes of the Extraordinary Board Meeting on 27 October 2020 | For Decision | Chair |
| 12. | Minutes of the Governance & Remuneration Committee held on 26 November 2020 | For Decision | Chair |
| 13. | Draft Budget for 2020/21 | For Discussion | Neil Isaac |
| 14. | Actions Arising from the Asset Management Taskforce on 30 September 2020 | For Information | Chair |
| 15. | Actions Arising from the Customer Experience Taskforce on 3 November 2020 | For Information | Chair |
| 16. | Forward Plan | For Information | Chair |

Items for information and limited discussion

- | | | | |
|-----|--------------------|----------------|-------|
| 17. | Any Other Business | For Discussion | Chair |
|-----|--------------------|----------------|-------|

Date of next virtual meeting – Board Discussion

Thursday 28 January 2021, 4pm – 6pm

TOWER HAMLETS HOMES

NOTE BY CHIEF EXECUTIVE

DECLARATIONS OF INTEREST

Where Members of the Board have an interest in any business of the Board, then she/he must disclose this interest.

Members must disclose the existence and the nature of the interest at the start of the meeting and certainly no later than the commencement of the item when the interest becomes apparent.

Personal Interests

A Board Member must regard themselves as having a personal interest in any matter if the matter relates to an interest in respect of which notification must be given, or if a decision upon the matter might reasonably be regarded as affecting, to a greater extent than other tenants or inhabitants of the Tower Hamlets Homes area, the wellbeing or financial position of themselves, a relative or a friend, OR

- a) Any employment or business carried out by such persons;
- b) Any person who employs or appointed such persons, any firm in which they are a partner, or any company of which they are a director;
- c) Any corporate body in which such persons have a beneficial interest in a class of securities exceeding a nominal value of more than 2% of the issued share capital in a company;
- d) Anybody listed in sub-paragraphs (a) to (e) of paragraph 14 of the Resource Pack in which such persons hold a position of general control or management.

Prejudicial Interests

1. Subject to the provisions of paragraph 2 below, a Board member with a personal interest in a matter also has a prejudicial interest in that matter if the interest is one which a tenant of Tower Hamlets Council as covered by the Management Agreement or a member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice the Board member's judgement of the public interest.
2. A Board member may regard themselves as not having a prejudicial interest in a matter if that matter relates to –

- a) Another relevant organisation of which they are a member;
- b) Another public organisation in which they hold a position of general control or management;
- c) A body to which they have been appointed or nominated by Tower Hamlets Homes as its representative;
- d) Where a Board member holds a tenancy or lease with a relevant organisation, provided that they do not have arrears of rent with that relevant organisation of more than two months, and provided that those functions do not relate particularly to the Board member's tenancy or lease.

Participation in Relation to the Disclosure of Interests

A Board member with a prejudicial interest in any matter must –

- a) Withdraw from the room where a meeting is being held whenever it becomes apparent the matter is being considered at that meeting, unless she/he has obtained a dispensation from the Board's Chairman or Company Secretary; and
- b) Not seek improperly to influence a decision about that matter.

Should you require any further information, please contact Neil Isaac, Director of Finance, telephone: 020 7364 7130, neil.isaac@thh.org.uk

Open minutes of Tower Hamlets Homes Board Meeting
 Thursday 8th October 2020 **4.05pm – 5:45pm**
 Via Zoom

Board Members Present:

Ann Lucas (AL & Chair)	-	Chair, Independent Board Member
Claire Tuffin (CT & Vice Chair)	-	Resident Board Member
Andrew Bond (AB)	-	Independent Board Member
Safia Jama (SJam)	-	Independent Board Member
Nikesh Shah (NS)	-	Independent Board Member
Mahbub Anam (MA)	-	Resident Board Member
Simon Hart (SH)	-	Resident Board Member
Asma Islam (AI)	-	Cllr Board Member
Tarik Khan (TK)	-	Cllr Board Member
John Pierce (JP)	-	Cllr Board Member
Sabina Akhtar (SA)	-	Cllr Board Member

Co – Optees Present:

Pam Haluwa (PH)	-	Co-Optee to Gov.& Remuneration Committee
Iain Lawson (IL)	-	Co-Optee to Finance & Audit Committee

Officers Present:

Susmita Sen (SS)	-	Chief Executive
Paul Davey (PD)	-	Director of Business Transformation
Neil Isaac (NI)	-	Director of Finance
Will Manning (WM)	-	Director of Asset Management
Ann Otesanya (AO)	-	Director of Neighbourhoods
Justin Chamberlin (JC)	-	Head of Asset Management & Compliance
Chris Smith (CS)	-	Head of Resources
Sameena Raouf (GO)	-	Governance Officer

In Attendance:

Rupert Brandon (RB)	-	Head of Housing Supply at LBTH
Gulam Hussain (GH)	-	Scrutiny & Resident Feedback Manager
Chris Weavers (CW)	-	Chair of the Residents Panel

Apologies:

Helen Charles	-	Co-Optee to Gov & Remuneration Committee
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1	Welcome	
1.1	AL welcomed all to the meeting.	
2	Declaration of Interest	
2.1	CT, PH, IL and SH declared their interest as leaseholders of Tower Hamlets Homes.	
3.	Open Minutes of the Board Meeting on 21 May 2020	
3.1	<i>THH Board AGREED the open minutes of the meeting of the Board on 21st May 2020 as an accurate record.</i>	
4.	Open Minutes of the Board meeting on 12 August 2020	
4.1	<i>THH Board AGREED the open minutes of the meeting of the Board on 12th August 2020 as an accurate record.</i>	

5.	CE Report	
5.1	SS presented this item to the Board. The report provided the Board with an update on Neighbourhood Services, Asset Management, the Summer Youth Programme and performance to August 2020.	
5.2	With reference to point 7 of the report on 'Calls answered and the Housing Service Centre experiencing increasing call volumes week on week, PD explained that based on historical data, this is not dissimilar to the volume of calls we received around this period from last year. Currently we have 23 call handlers but this will be increased to 35 which should be enough at its peak.	
5.3	It was noted, the vast majority of calls are for follow ups on repairs, this includes late repairs. It was noted our contractors Mears are putting together an action plan to reduce this number and that the hope is that this will reduce the number of calls we received. We are working towards continuing repairs appointments SMS and the re-opening of our Rushmead office, once Covid safe, to enable face to face contact again.	
5.4	In response to NS on negative customer impacts (calls answered) due to systemic issues Windows 10 rollout, data migration and VPN and whether this been resolved, CS responded the rollout of the Windows 10 hardware was done very quickly (a two week window at the end of July) and we endeavoured to minimise the impact on our HSC by spacing out the collection dates for new laptops for Housing Advisors and avoiding Mondays, their busiest days. The new infrastructure is still bedding in and there have been teething problems, exacerbated by the ongoing migration of data from the legacy filing system to Sharepoint/Teams which impacts upon the VPN capacity, particularly as the data migration is often being done remotely rather than in the office/network - this is the council-wide migration of data, not just THH. Our data migration has been largely completed on schedule and documents are available to staff remotely via the Teams app. The circumstances in which the rollout has been occurring are unprecedented and we recognise we have more work to do to train staff in the use of Teams and the other new Microsoft products and will be rolling out more comms and training.	
5.5	AO advised that collection of leasehold service charges is performing better than we anticipated and that we have sent out gentle reminder letters to those who have not paid for day to day service charges.	
5.6	With reference to point 6 of the report on the 'Youth Services', SS advised that the Exec Team would see the details of the specification for this the following week. We will then be producing a business case on whether we should be bidding for it and bring to Board for comments and approval or disinclination.	
5.7	ACTION: PD to work with EMT and SR to arrange a Board date to bring THH Youth Services case to Board.	PD/SR
5.8	SS also advised that the Management Agreement has been approved by the Council and that we are still requiring approval on the Memorandum and Articles of Association.	
5.9	ACTION: A future Board meeting to include an update on other streams of work we have inherited from the Council.	PD/SR

5.10	<i>The THH Board NOTED the CE Report.</i>	
6.	Building Legislation	
6.1	JC presented this item to the Board. The report provided an overview of the draft Building Safety Bill and its implications for THH as presented by the CE to the National Federation of ALMOs (NFA) on 15 September 2020.	
6.2	It was noted, the government relies on a measure of 18 metres and above for its definition of a high-risk block and that this has been subject to criticism. As a result, many of the provisions which are envisaged as only affecting blocks that are 18 metres and above are likely to have implications across a wider pool of stock. It was noted, of the 911 blocks managed by THH, 56 are 18 metres and above.	
6.3	It was noted the changes envisioned in the draft Building and Fire Safety Bills introduced significant reform to the regulatory landscape and that this would require strong planning and investment skills and technical capacity in order to meet the challenges around implementation.	
6.4	<i>The THH Board NOTED the Building Safety report and the presentation on the draft Building Safety Bill.</i>	
	<i>GH and CW attended the meeting at 4:30pm</i>	
7.	Scrutiny Review on Strengthening Co-Regulation	
7.1	CW presented this item to the Board. The report provided recommendations from, and an action plan in response to, a scrutiny review on Strengthening Co-Regulation.	
7.2	THH is currently in the process of developing the publication of its new Residents' Engagement Strategy for the next three years. This coincides with both the publication of the Government's Green paper 'A new deal for Social Housing' (2018), which seeks to strengthen the voice of residents and increase landlord accountability, and the extension of the THH management agreement.	
7.3	It was noted, the panel sought to explore how THH may be able to strengthen the voice of residents in the decision making process; improve transparency and accountability and; embed best practice from other social landlords across the country.	
7.4	CW advised that it was concluded that THH have the right structures in place and that it is a good landlord in comparison to others in the country.	
7.5	AL commented that this was a good report and a valuable piece of work and that she agreed with all the recommendations.	
7.6	MA queried whether we look at ways residents can join TRA's, the Residents Panel and then the Board to which CW responded that we do not look at it as a hierarchy and that they should be seen as equal. Residents can get involved via TRA's or directly with THH and that some residents have specific interests.	
7.7	JP agreed that it was a good report and queried whether there was a missed	

	<p>opportunity for all agencies to join and work collaboratively. GH responded that we have worked with other agencies and that it worked very well. It was also noted that the Residents Panel is more representative of the Borough.</p>	
7.8	<p>It was noted that the Board and Residents Panel will have joint training on Consumer Standards.</p>	
7.9	<p>CW thanked GH and the Scrutiny team, AL and the consultants for their help and contributions.</p>	
7.10	<p><i>The THH Board NOTED the Scrutiny Review report and AGREED its action plan.</i></p>	
	<p><i>GH and CW left the meeting at 4:45pm</i></p>	
8	<p>Recovery Plan/Covid Response</p>	
8.1	<p>PD presented this item to the Board. The report provided an update on THH's visibility on the Council's estates throughout the last few months and as a result of the lockdown in March. A brief overview of the report was provided.</p>	
8.2	<p>With reference to appendix one of the report and the Risk Register, CS advised that the register was compiled in the summer and has been regularly updated. It was noted the impact on income was a particular concern for us, particularly at the beginning of lockdown but that we have made great improvement in the rent recovery area.</p>	
8.3	<p>CT queried what is THH's policy on homeworking now in response to Government's recent change in direction on this and whether we have any thoughts on future ways of working given that technology has enabled organisations to still function with many staff being home-based? CS responded that whilst we have continued to provide Covid-secure offices we promote the government's advice to work from home where possible. We believe that the new Office365 technology will improve our ability to work effectively in a more flexible way and with much higher rates of working from home. This will support our eventual move into the new town hall at Whitechapel and inform our future accommodation strategy. SS added that staff are being encouraged to do what works for them given some are struggling to work from home.</p>	
8.4	<p>It was noted that both of our larger offices, City Reach and the Harford Centre, are tied into leases and that the smaller offices, 3 Colts Street/Financial Health Centre are HRA properties and that we are looking at how we can inbed flexible working.</p>	
8.5	<p>SS added that we are looking at what the new operating model would look like and that she would like to have a place for face to face contact. Lockdown has shown that we can work remotely and she is conscious that the organisation has tried to go down a similar route previously. It was noted that we need to develop a matrix to monitor other parts of the business.</p>	
8.6	<p>ACTION: Digital piece item to come to the Board for discussion.</p>	<p>PD/SR</p>
8.7	<p>NK queried what the new operating model looks like and whether we have a set of recommendations in place to which SS responded we have held off having discussions with the Council on settings targets. The repairs team would routinely</p>	

	<p>carry out visits, this now happens for exceptional cases only. It was noted we would need to go through function by function but that the Head of People Services has been updating our policies and procedures as the model changes.</p>	
8.8	<p>NK queried what our initiatives will be given we were undertaking the Furlough scheme and in regards to job retention to which SS responded there are many people newly qualified and we could use their skills specifically towards helping us become more digitally focused.</p>	
8.9	<p><i>The THH Board NOTED the THH Recovery Plan and APPROVED the Risk Register in Appendix One</i></p>	
9.	New Build Report	
9.1	<p>WM presented this item to the Board. The report provided an update on the current position on schemes that are in various stages of being handed over; how THH track the handover of the scheme; an update on the status of Barchester Court and the developments that are in the pipeline for handover in 2021/22. It was noted that we are expected to have over 200 properties being handed over in 2021.</p>	
9.2	<p>It was noted that we will be using Building Information Management (BIM).</p>	
9.3	<p>JP commented that with the growth in additional properties, there will be a growth in income. RB added that there have been discussions with the Council and that they will be reported back to at the appropriate meetings, such as the New Builds meeting.</p>	
9.4	<p>It was discussed that residents who live close to these developments should be involved and have their opinions heard given some of the designs can encourage antisocial behaviour.</p>	
9.5	<p><i>The THH Board NOTED the New Build Lettings Report.</i></p>	
10	Question from Members of the Public	

10.1	NI read out the question and our response to the Member of the Public.	
10.2	JP commented that it was good to see a paper trail on decision making and queried when the Board were notified of this decision. He added that some decisions sit with the Council and others with THH, and queried whether we have had discussions with the Board on this previously. We need to look at this through the lenses of customers, they have a certain level of concern and we need to respond in the same manner as it could cause reputational damage.	
10.3	NI responded that we will be continuing with our new billing arrangement and that we are shifting from sending out estimates at the beginning of major works to avoid getting inaccurate estimates. It was noted that we had not envisaged the complexity of capital planning.	
10.4	ACTION: SS added that we will need to check back on correspondence sent to Board from March 2020.	EMT
10.5	SS added that we will need to confirm whether this is a permanent change or whether it was paused.	
10.6	ACTION: Revised response to be shared with JP.	NI/SR
10.7	AO added that we will provide an update on how quickly refunds can be turned around.	
10.8	AB queried whether consideration has been given to the interests accrued and that we should consider adding interest, although it may be a very small amount. He also added we require a system where we can give estimates. AO responded that estimates would not replace Section 20's and that we are considering an interest position via a compensation method.	
10.9	ACTION: AL/SS/NI to do discuss our response to the Member of the Public offline.	AL/SS/NI


**Actions Log: Open minutes of THH board
8 October 2020 4:05-5:45pm**

Item	Action	Who	Due	Status
5.7	PD to work with EMT and SR to arrange a Board date to bring Youth services business case to Board.	PD	Oct 2020	Completed
5.9	Future Board meeting to include an update on other streams of work we have inherited from the Council.	PD		On Board forward plan for Feb 2021 meeting
8.6	Digital piece item to come to the Board for discussion.	PD/SR		On Board forward plan
10.4	SS added that we will need to check back on correspondence sent to Board from March 2020	EMT		Completed

10.6	Revised response to be shared with JP	NI/AO/WM		Completed
10.9	AL/SS/NI to do discuss our response to the Member of the Public offline.	AL/SS/NI		Completed

Chair

Date

<p>Board of Directors</p> <p>17th December 2020</p>	
<p>Report authorised by: Paul Davey – Director of Business Transformation</p> <p>Report Author: Gulam Hussain – Scrutiny & Resident Feedback Manager / Lesley Owen – Business Development Manager</p>	<p>Report type:</p> <p>For Information</p>
<p>Title: The Social Housing White Paper and Implications for THH</p>	

1. Introduction

- 1.1 This paper has been written to provide the THH Board with an overview of the Government’s Social Housing White Paper and its impact on THH. The report also provides some recommendations for consideration to help THH to strengthen and demonstrate its compliance with both the current and future regulatory regimes.

2. Recommendations

The Board is recommended to:

1. Note the report and consider the impact on THH.
2. Note the recommendations to strengthen THH’s compliance and reporting against the consumer standards.

3. Background

- 3.1 In August 2018, the Government introduced the Social Housing Green Paper which outlined its vision for the future of social housing in the UK. Developed in the aftermath of the tragedy at Grenfell Tower, the Green Paper focused on the need to strengthen regulatory oversight, introduce more stringent controls for building safety and enhance complaints handling across the sector. Its core themes also introduced a commitment to tackle stigma for those living in social housing whilst also making a commitment to expanding supply and supporting people into home ownership.
- 3.2 Following wide ranging consultations with the sector in the lead up to and following the publication of the Green Paper, the then Prime Minister, Theresa

May indicated that the Government would release its action plan for implementing the proposals outlined by September 2019. This process however was significantly delayed due to the changes in leadership within the Conservative Party and the ongoing negotiations on the UK's future relationship with the European Union.

3.3 In November 2020 the government announced its White Paper entitled 'The charter for social housing residents'. It outlines seven key themes which are set out below.

1) To be safe in your home.

A commitment from Government to work with industry and landlords to ensure every home is safe and secure.

2) To know how your landlord is performing.

A requirement for landlords to publish information on how it spends its money and performance on repairs, complaints and safety amongst others, so residents can hold it to account.

3) To have complaints dealt with promptly and fairly.

A strengthened Ombudsman who will give swift and fair redress when needed.

4) To be treated with respect.

A strengthened consumer regulator and improved consumer standards for tenants.

5) To have residents' voices heard by their landlord.

Ensuring residents have access to regular meetings, scrutiny panels or opportunities to be on its Board.

6) To have a good quality home and neighbourhood to live in, with landlords keeping homes in good repair.

7) To be supported to take the first steps to ownership.

4. The White Paper and its impact on THH

4.1 The Social Housing White Paper brings together a range of legislative and policy initiatives already announced by the Government and associated agencies. The following section provides a more detailed overview of the policy commitments made by the Government under each of the seven themes, outlines what THH has done to date on this area and an initial view on areas which require further consideration.

4.2 Chapter 1: To be safe in your homes

The Government will –

- a. Legislate to explicitly include safety as part of the consumer regulations
- b. Require social landlords to identify a nominated person responsible for complying with their health and safety requirements (Draft Building Safety Bill)

- c. Requires the Regulator of Social Housing to share information on non-compliance with a newly formed Building Safety Regulator.
 - d. Consult on strengthening measures for electrical safety, requirements for smoke alarms and introduce new expectations for carbon monoxide alarms in social housing.
 - e. Continue to work with the sector through the Building Safety Engagement Best Practice Group and the Building Safety Regulator to ensure resident voices are heard.
- 4.3 Following the tragic events at Grenfell Tower, THH has maintained a proactive approach to engaging with, and responding to developments in fire safety regulations. As part of this process, THH has invested in widening its response to Fire Safety through the creation of a dedicated Fire Safety Team which has visited almost 6,500 properties to date, strengthened relations with the LFB and actively engaged residents to provide them reassurance. Other measures have included;
- Publication of FRAs
 - Development of the Joint Working Group on Fire Safety to provide a platform for strategic oversight and co-production on matters related to Fire Safety.
 - Fire Safety inspections built into Caretaker and other staff roles
 - Development of new policies on hoarding, alterations and enforcement
 - Development of the Fire Risk Management Group and new KPIs to provide strong oversight
 - Bringing forward fire safety works where possible through the Better Neighbourhoods Programme and adopting stringent measures to test the compliance of fire doors.
- 4.4 In addition to the measures outlined, colleagues have closely followed the findings from the Phase 1 report of the Grenfell Inquiry and the Independent Review of Building Regulations and Fire Safety (Hackitt review) which underpin regulations emerging under the Fire Safety Order 2020 and the Draft Building Safety Bill. In preparation for them, a number of initiatives have been taken to ensure THH is fully compliant with requirements at the earliest possible opportunity. This includes;
- Commissioning surveys of residents in HRRB blocks to identify those with vulnerabilities that could affect their ability to evacuate.
 - Adopted a Fire Safety (Resident Engagement) Strategy
 - Exploring emerging requirements such as the proposed Building Safety Manager function, the skills required to fulfil the role and how the resident engagement function is to be managed
 - Adopting a holistic view to capture all compliance issues relevant to a building over and above requirements of the Draft Building Safety Bill which restricts requirement to issues linked to fire or structure.
 - Considering how BIM/CAD/GIS and other technologies such as 3D scanning can be deployed to strengthen our understanding of our stock
 - Reviewing internal governance structures to be more inclusive of all aspects of risk and compliance
- 4.5 The importance of good quality stock data and robust Health and Safety reporting is self-evident in this context. The newly designed Compliance Dashboard marks a big step forward in this respect. More work, however, is

required to ensure we have accurate customer data that is stored in a consistent manner in Northgate. This not only is key to ensuring that THH is able to adapt to new technologies as they emerge but crucially meet stricter requirements around fire safety which require an understanding of our residents and their vulnerabilities. Options available to THH to help ensure we have up-to-date and accurate information include the use of staff conferences and other similar events to promote data quality drives, and or commission a provider, such as Kwest, to carry out an annual audit of a sample of our residents to ensure our information is up-to-date.

4.6 **Chapter 2: To know how your landlord is performing**

The Government will –

- a. Create a set of tenant satisfaction measures for landlords on things that matter to tenants.
- b. Introduce a new access to information scheme for social housing tenants of housing associations and other private registered providers of social housing, so that information relating to landlords is easily available.
- c. Ensure landlords provide a clear breakdown of how their income is being spent.
- d. Require landlords to identify a senior person in their organisation who is responsible for ensuring they comply with the consumer standards set by the Regulator of Social Housing.

4.7 Since 2009, THH has had a satisfaction survey framework contract with an independent market research supplier. Resident perception of THH overall, and their satisfaction with a range of key aspects of service delivery, have been monitored and reported monthly or quarterly since that time. THH's annually agreed Business Critical Indicators [BCIs] and associated targets, form the basis of performance reporting to both Board and the Client; measures based on resident feedback currently make up over a third of the suite.

4.8 Performance is also reported to our Residents' Panel and more widely to residents via the website, the *Open Door* newsletter and the Annual Report. The latter also contains a breakdown of income by source and high-level expenditure.

In addition to the above:

- The new indicators proposed by the White Paper, once finalised, will be included in the BCI suite.
- THH will arrange for a survey to be carried out to establish a 'baseline' position against the new satisfaction measures in advance of formal reporting commencing.
- THH will align its expenditure reporting in line with government/Regulator guidelines.

4.9 As a managing agent of the Council, THH is already subject to Freedom of Information requirements.

4.10 Meeting regulatory requirements is a shared responsibility for the whole of THH. Undoubtedly there is a need for centralised strong and independent 'gatekeeping' role as indicated in the White Paper but that alone is unlikely to

maintain effective compliance. Operational services need to become increasingly familiar with the requirements and be able to prioritise and resource the work needed. To aid this, plans are in place to hold a dedicated session in January for members of EMT and SMT to jointly consider the implications of the White Paper, explore areas of risk and set out how THH may respond to emerging requirements.

4.11 Chapter 3: To have your complaints dealt with promptly and fairly

The Government will –

- a. Introduce more consistency in complaints handling through the Housing Ombudsman's Complaints Handling Code.
- b. Remove the role of the 'designated person' or the need to wait eight weeks before approaching the Ombudsman directly.
- c. Strengthen the role of the Housing Ombudsman with increased powers and mechanisms for referrals to the Regulator for Social Housing for persistent failures.
- d. Require landlords, the Housing Ombudsman and the Building Safety Regulator to ensure residents have clear and up to date information on how to complain.
- e. Make landlords more accountable for their actions by publicising the details of cases determined and published by the Housing Ombudsman.

4.12 The Housing Ombudsman's Complaints Handling Code makes provision for Councils operating a single corporate complaints procedure or smaller housing organisations which cannot reasonably respond to complaints within the proposed target to deviate from the guidelines. In line with this exemption, the Council has asked THH to continue to operate against the current target of 20 days. Whilst THH will continue to operate against the 20-day target, internally staff will be expected to respond to all complaints within 10 days where it is reasonable to do so. This will be monitored and reported to the Executive Team and the Board.

4.13 Officers have been working closely with colleagues in the Council to ensure THH is compliant with the new code as of January 2021. As per the requirements of the code, staff are working on the following areas;

- Developing processes to improve the Council's performance for responding to cases at Stage 2
- Completing the self-assessment with a view to publishing this before 31st December 2020
- Commissioning changes to our complaints management system to ensure response templates include accessible information to residents on our complaints stages
- Exploring how we can capture satisfaction data on complaints handling as outlined in the White Paper
- Developing a programme to ensure learning from complaints is regularly fed back to residents

4.14 There has also been a programme of internal engagement to raise awareness of the Code within the organisation and changes made to our policies and procedures to reflect the changes required by the Code. This opportunity has been used to identify ways in which THH can deliver more accountability to

residents. As a result, there is now a stronger emphasis on informal complaints resolution and encouraging staff to engage directly with residents much earlier in the process. This will be reinforced by the need to act more swiftly in order to ensure THH can meet its internal target for responding to complaints within 10 working days.

- 4.15 The new powers available to the Ombudsman for consistent failures introduces some heightened risks for THH, particularly in the area of leaks management which continues to be a challenge. The Customer Relations Team will be working with colleagues to support service areas to learn from complaints and ensure the leaks process is adhered to in order to minimise as far as possible the impact of leaks on our residents.

4.16 **Chapter 4: To be treated fairly and with respect, backed by a strong consumer regulator for tenants**

The Government will –

- a. Require the Regulator of Social Housing to proactively monitor and drive landlords' compliance with improved consumer standards.
 - b. Strengthen the regulator's enforcement powers, remove the 'serious detriment test' and introduce routine inspections for the largest landlords (those with over 1,000 homes) every four years.
 - c. Review the consumer standards and extend the regulator's objectives to cover safety and transparency
 - d. Give the regulator the power to publish a Code of Practice on the consumer standards to be clear what landlords are required to deliver.
 - e. Hold local authorities to account as landlords, including how they manage ALMOs and TMOs
 - f. Require the regulator to set up an Advisory Committee to provide independent and unbiased advice on discharging its functions.
- 4.17 Building on the commitment to strengthening safety standards for social housing, the Government is proposing a more proactive regulatory regime for the sector underpinned by stronger standards and greater enforcement powers for the regulator. These changes are expected to bring parity and address the imbalance between how compliance is monitored across the consumer and economic standards. The MHCLG has indicated that there will be additional funding available to the regulator to underpin its new functions. This will add to the noticeable drive by the regulator in recent months to expand its capacity to better enforce the current regulatory regime.
- 4.18 Central to the new regulatory regime will be a programme of inspections. This will include the current regime of reactive inspections arising from concerns specific to a landlord or wider issues in the sector alongside a new annual desktop review of landlords which will likely include an assessment of performance and resident satisfaction. There are also proposals for a new programme of routine inspections which will target higher risk landlords first but is expected to cover all landlords with stock of 1,000 properties or more.
- 4.19 Whilst there is limited detail on how these inspections will be structured, organisations will be expected to demonstrate strong governance around how matters of compliance with the consumer standards are understood and reported. Section 6 of this report outlines some recommendations for

consideration which will aid THH to strengthen its governance of how compliance is reported internally. Affording the regulator powers to publish a code of practice is likely to be a welcome step as this is expected to provide greater clarity to landlords and their Boards on how they are expected to demonstrate compliance.

4.20 The White Paper emphasises the importance of hearing the ‘tenant’s voice’ and reaffirms the Government’s commitment to co-regulation. The Residents’ Panel has recently concluded a scrutiny review with a view to strengthening how the principles of co-regulation are applied at THH. This includes recommendations for closer working with the Board and for THH to be at the forefront in seeking out best practice. To further assist THH in ensuring and demonstrating that the resident voice is heard and considered in decision making processes, it has been proposed that report templates be amended to include a section on ‘Resident Involvement’. This will require report authors to address how they have or propose to engage residents and highlight how this has shaped proposals being put forward.

4.21 **Chapter 5: To have your voice heard by your landlord**

The Government will –

- a. Expect the Regulator of Social Housing to require landlords to seek out best practice and consider how they can continually improve the way they engage with social housing tenants.
- b. Deliver a new opportunities and empowerment programme for social housing residents, to support more effective engagement between landlords and residents, and to give residents tools to influence their landlords and hold them to account.
- c. Review professional training and development to ensure residents receive a high standard of customer service.

4.22 In 2017, the Business Development Service was restructured to create a new Scrutiny & Resident Feedback Team to serve as a central hub for engaging and capturing feedback from residents. With the aid of the Tenant Participatory Advisory Service (TPAS) the new team undertook a review of resident engagement through a series of workshops with residents and members of EMT/SMT. Through this exercise, THH has adopted a number of changes which have helped to improve the quality and reach of engagement delivered through forums such as the Residents’ Panel and Service Development Groups. These changes have included;

- Simplifying recruitment processes for forums such as the Residents’ Panel and removing formal application processes for other involvement forums
- Opening meetings of the Residents’ Panel to observers and publishing its minutes online to promote transparency
- Adopting a new outcomes focused scrutiny model to facilitate the delivery of more focused scrutiny activity
- Adopting a task and finish model for the Service Development Group allowing residents to dip in and out of activities based on their interests
- Opening new opportunities for collaboration between the Board, involved residents and external scrutiny panels.

- 4.23 The changes to recruitment and engagement practices for these forums have aided in increasing resident satisfaction and diversifying our forums to ensure they better reflect the communities served by THH. The success of these changes has led to THH being invited to showcase its work by the TPAS Annual Conference in 2019 and facilitate best practice visits from the Northern Ireland Housing Executive (NIHE), Basingstoke Council and Cambridgeshire County Council. The team is also actively engaged more locally holding the chair for the Community Involvement Network (CIN), part of the Tower Hamlets Housing Forum (THHF).
- 4.24 A new Resident Engagement Strategy is expected to be finalised early next year. This will outline a renewed commitment to taking steps which will help us to continue widening participation by simplifying process and our use of language, harness technology, and further embed transparency more consistently across all parts of the organisation.
- 4.25 **Chapter 6: To have a good quality home and neighbourhood to live in**
- The Government will –
- a. Review the Decent Homes Standard to consider if it should be updated, including how it can better support the decarbonisation and energy efficiency of social homes, and improve communal and green spaces.
 - b. Continue to engage with the latest evidence on the impact of housing conditions on health, including COVID-19 transmission, and actively consider options to mitigate these impacts.
 - c. Review professionalisation to consider how well housing staff are equipped to work with people with mental health needs and encourage best practice for landlords working with those with mental health needs.
 - d. Clarify the roles of agencies involved in tackling anti-social behaviour and signpost tenants to those agencies who can give them the most appropriate support and assistance when faced with anti- social behaviour.
 - e. Consider the results of the allocations evidence collection exercise findings to ensure that housing is allocated in the fairest way possible and achieves the best outcomes for local places and communities.
- 4.26 The 2019-20 outturn on Non-Decent Homes was 14.96%. This is forecast to increase to 19.90% in 2020-21 as building components reach the end of their useful life. Any additional elements in a revised Decent Homes Standard will be competing for resources within the capital programme with other essential works including fire safety. The possible impact of this will have to be considered with the Council.
- 4.27 The White Paper includes the announcement of the Green Homes Grant for 2020/21, which social landlords are eligible to bid for, which will fund up to two thirds of the cost of hiring tradespeople to upgrade the energy performance of homes. The Council has already signalled its ambition to become carbon neutral and its expectation that THH should follow suit.
- 4.28 THH has worked hard to improve the ASB service it offers, and to strengthen its diversionary, preventative, and enforcement activity through partners such as *Streets of Growth*, Parkguard and dedicated police patrols. The review of

agencies involved in ASB to clarify the respective roles of the police, the Local Authority and housing management is welcomed.

- 4.29 THH also welcomes the recognition in the White Paper of the wider pressures such as mental and public health issues on the social housing sector and will work proactively on taking this agenda forward.

4.30 **Chapter 7: To be supported to take your first step to ownership**

The Government has –

- a. Announced their new £11.5 billion Affordable Homes Programme to deliver up to 180,000 new homes.
- b. Removed the cap on local authority borrowing to fund housebuilding.
- c. Consulted on whether greater flexibilities can be offered around how local authorities can use receipts from Right to Buy sales.
- d. Supported community-led housebuilding through the community housing fund.

- 4.31 THH has set up a small New Build Team within Asset Management to co-ordinate activity on new builds across the organisation and liaise with the Council's Capital Development and Regeneration Teams. In addition, THH has established a joint THH/LBTH New Build Group chaired by the THH Chief Executive. Meeting 6-weekly the Group acts as a forum for THH and LBTH to share information, and monitor the timing and delivery of:

- New Build schemes in the development pipeline.
- Rooftop and undercroft development.
- Off the shelf schemes.

The Group in turn feeds back progress and issues to the Council's Affordable Housing Supply Board.

- 4.32 A 'task and finish' sub-group of the New Build Group, made up of LBTH and THH staff, has looked at scheme handover and defects procedures and produced: revised Employer Requirements; a revised scheme handover protocol; and 'lessons learned' documentation from recent schemes. The establishment of the Group enables THH to influence the design and specification of elements of the new build programme including:

- Internal layout
- External Design
- Communal and Open Space
- Community facilities
- Security

This will ensure that future housing management, estate servicing and on-going maintenance requirements are taken into consideration from an early stage.

- 4.33 THH will continue to work closely with LBTH in this area and will review the New Build Group's Terms of Reference in light of the establishment of the New Homes Ombudsman and the publication of the Social Housing White Paper.

5. Key Differences from the Green Paper

- 5.1 There are a number of areas where the recently announced White Paper diverges from initial proposals outlined in the Green Paper back in August 2018. These changes are outlined below.

Friends and Family Test

- 5.2 The Social Housing Green Paper introduced the concept of a Social Housing Friends and Family Test which is widely used as a measure within the NHS and the Banking Industry. Whilst this approach can be a useful way to understand factors such as brand loyalty and satisfaction, it has been criticised due to the inability of social housing residents to freely choose their landlords in the same way they can their GP practice or high street bank. Based on feedback during the consultation period, this proposal has now been dropped from the White Paper.

League Tables

- 5.3 Introducing league tables for the social housing sector was a headline proposal in the Green Paper and seen as key to driving improvement across the sector. As with the proposals for a friends and family test, this measure received widespread criticism from residents and sector bodies such as the National Housing Federation, the Chartered Institute of Housing and the Local Government Association. All cited concerns that the measures would be counterproductive, worsen stigma for residents if their landlords ranked poorly and encourage the wrong priorities. Although references to league tables have now been removed, the Government remains committed to ensuring landlords frequently publish performance information to ensure they are transparent and can be held to account.

Addressing stigma

- 5.4 The Green Paper devoted an entire chapter to tackling stigma and celebrating thriving communities in social housing. Although this theme included a range of proposals such as promoting good design and embedding good customer service within the sector, suggestions for street parties and 'best neighbourhood' competitions received a critical reception. These proposals have now been replaced with a stronger focus on promoting good quality neighbourhoods underpinned by good design, and higher quality services to residents.

Mental Health

- 5.5 Whilst the Green Paper included references to domestic abuse and the mental health of social housing residents, it did not lay out any specific provisions of how landlords may be expected to provide support. The White Paper now addresses this issue by indicating it will be a requirement of all landlords to have policies around dealing with domestic abuse. It also makes a commitment to extend the proposed review of professionalisation in the sector to explicitly consider what training and qualifications may be required of staff to provide support to those with mental health issues.
- 5.6 THH has already taken steps towards increasing awareness of mental health, domestic abuse and ensuring we have more robust processes for identifying and supporting vulnerable residents. The inclusion of this theme in the White Paper offers THH an opportunity to consider how it can further develop these workstreams and respond to the emerging changes.

6. THH's Compliance with the Consumer Regulations

6.1 In September 2020, the Business Development Team revisited a compliance mapping exercise undertaken earlier in the year to determine what progress had been made to address areas of risk previously identified and THH's current position in relation to compliance with the consumer standards. The review highlighted that there has been some progress in taking forward the recommended actions to address areas of risk. Progress however has been largely affected by the COVID-19 pandemic and the subsequent lockdowns announced in March and November 2020. Updates on areas of concern highlighted in January are provided below:

- a) **New build [9]:** the greatest current risk and an emerging issue with the Regulator. Mitigation must include: closer, and earlier involvement with LBTH in procurement, design, and scheme progression; agreed handover timescales; checking by THH prior to acceptance: and the timely provision by LBTH of all relevant documentation. An independently administered survey has been devised so feedback from new tenants can form part of the lessons learned. The New Build Group will continue to have oversight of all new-build related issues. Whilst these actions represent significant progress, the risk rating has been left unaltered as schemes such as rooftop development will present THH and LBTH with new challenges in this area.
- b) **Compliance [6]:** Reporting has improved significantly in recent months; gaps in the data should be minimised and remedial actions tracked closely; the lack of historical information in some areas remains an issue. Recommendations on how this area can be further strengthened are provided in section 6 of this report.
- c) **Disrepair and requirements of Fitness for Human Habitation Act [6]:** The Disrepair process has been mapped and will be taken forward to ensure THH is able to maintain appropriate oversight of cases.
- d) **Service choices [6]:** THH currently offer few service choices; further choices to be developed
- e) **Local offers [6]:** The regulator is signalling strongly that all landlords must consult tenants on the scope of local offers for service delivery. THH are already doing many things that could be collated as our 'local offer'. A benchmarking exercise of local offers provided by other landlords is underway in order to inform how we may proceed in addressing this requirement.
- f) **Website [6]:** A new website has been designed and launched. However due to the limited content on the current website, this does not significantly affect the original risk rating allocated to it.
- g) **ASB procedures [6]:** A recommendation was made in January for procedures to be reviewed and updated. Five of the six procedures have been re-drafted to date. Work to complete the drafting process including revised flow charts are underway. The risk rating will then be updated once work has been concluded.
- h) **Tenancy management policies [4]:** Policies on tenancy sustainment especially in relation to mental health issues; home visits; overcrowding; and

the prevention of housing fraud to be more clearly published. Although we have made progress in capturing information through Getting to Know You visits and recording information on vulnerabilities, more work is needed across the organisation to improve awareness and ensure these factors are considered when designing/providing services.


- i) **Voids [2 – up from 4]:** A new survey to capture feedback from Void lettings has been commissioned from September 2020. Steps have also been taken to ensure discrepancies between the technical voids standard and those made available to residents have been addressed. The standard is now also available to applicants on the lettings website. We have also commissioned surveys for residents at Watts Grove and are working on implementing similar surveys for residents at Angela Court.
- j) **Service standards and performance against them [4]:** There has been a strong emphasis on the need for landlords to produce useful and meaningful annual reports. This has been reaffirmed through the Housing Ombudsman's Code which asks landlords to utilise annual reports to highlight learning from complaints. BDT is leading on work in partnership with Communications to produce an Annual Report which meets these requirements. This is planned to be published through *Open Door*, a full PDF edition on the THH website and an online video. This is expected to be completed by the end of the year.
- k) **Progress of repairs [4]:** The Repairs Online project has commenced the use of SMS messages for the purposes of carrying out satisfaction surveys. This functionality is expected to be extended to provide updates on repairs and block outages by January 2021. Interfinder, the repairs diagnostic tool for residents, is also expected to be launched in February 2021. Functionality on this module will however be limited until it is fully integrated with the new Housing Online module and is tied into systems as part of a new repairs contract to allow residents to choose and book appointment slots.
- l) **Right to Manage [4]:** A recommendation for clearer sign posting of management options was made in our report back in January 2020. No further progress has been made on this area.

6.2 The four TMOs cliented by THH require their own compliance mapping; this has been co-ordinated by the TMO Client Officer. Five of the 'big six' (fire, gas, lifts, water hygiene, and asbestos) are the responsibility of THH. The exception is electricity where evidence of testing and reporting should be sought. The THH inspection schedules have been checked to ensure all applicable TMO properties are included. So far, no major gaps have been identified. In addition, the TMO Client Officer has been working to raise awareness of TMOs more generally. This has led to the revision of the ECO guidance in September 2020 to include information on the TMOs and their requirements.

7. Recommendations for consideration

7.1 The mapping exercise has demonstrated the need for an overarching structure to collect, collate and store the compliance evidence. Introducing a centralised library for key reports and data would enable THH to better respond to requests for evidence from the Regulator. This approach would also allow THH to better manage staff turnover without losing critical information due to unstructured information management.

- 7.2 The introduction of a document management system will greatly aid issues of version control. This system, however, will not address issues such as ensuring policies are subject to periodic review, and that these reviews are properly planned. This still leaves THH at risk of failing to comply with the standards due to policies being outdated. Introducing a policy register will enable the Board and Executive Management Team to have clear oversight of all organisational policies and hold policy leads accountable for delivering clear plans on how refreshes will be carried out. This will also ensure that staff can clearly consider issues such as how resident feedback can be utilised where appropriate.
- 7.3 The NFA's Performance and Compliance Survey 2020 which explored how ALMO's are measuring compliance with the consumer standards has highlighted a number of areas of good practice. These are set out below and recommended as actions that are taken forward to strengthen THH's own performance against the consumer standards.
- a) Ensuring that all policies and strategies contain details of how they address elements of the regulatory framework where relevant. This approach will also help to increase staff awareness and understanding of the consumer regulations.
 - b) Quarterly review of all RSH regulatory notices to capture learning and identify emerging issues.
 - c) Monthly reporting to SMT on a variety of standing performance metrics that relate to aspects of the Consumer Standard.
 - d) An annual review of compliance with standards and requirements is completed and reported to the bSenior Management Team where improvement actions are agreed where required.
 - e) A clear action plan with regular updates to EMT/Board highlighting work being undertaken to close gaps identified.
 - f) Consideration should also be given to the part the annual internal audit plan could play in supporting compliance by providing assurance on the quality of evidence held.
- 7.4 The Board will need to consider how it can demonstrate that it is fulfilling its role in providing oversight and seeking appropriate assurance on areas of compliance.

<p>Board of Directors</p> <p>17th December 2020</p>	
<p>Report authorised by:</p> <p>Paul Davey, Director of Business Transformation</p> <p>Report Author: Sarah Pace Head of Business Development</p>	<p>Report type:</p> <p>For decision</p>
<p>Outline Business Plan April 2021 to March 2022</p>	

1. Introduction

1.1 Under the terms of the new Management Agreement, between London Borough of Tower Hamlets and Tower Hamlets Homes, we are required to submit a draft Business Plan to the Client for comment no less than 90 days before the end of the financial year.

1.2 The requirements of the Management Agreement stipulate that the draft plan will:

- Set out how THH intend to translate the Housing related objectives of the Council's Corporate Plan into an operational delivery plan and how they intend to meet the outcomes specified in the Council's Housing Strategy;
- Detail THH's financial and staffing resources required to enable delivery of the Business Plan and to perform the Services in accordance with the provisions of this Agreement;
- Include THH's overall strategy and objectives and how THH will deliver the council's key strategic objectives and the needs of the community the Council represents;
- Set out all the outputs and outcomes, the key performance requirements of the Services and includes the performance standards and target timescales expected;
- Ensure that performance is in line with Best Value as defined in section 3 of the Local Government Act 1999 and to promote effective performance and efficiency having regard to best value principles; and
- Provide a summary of the past year's achievements and performance targets.

- 1.3 Planning for next year is being undertaken under very unusual circumstances, making it exceptionally challenging to provide firm commitments at this point in the year. These include:
- the ongoing impact of the pandemic on residents and service delivery
 - concluding the HRA review and consequential decisions on both capital and resources
 - timing on the enactment of the recently published White Paper and requirements arising from building safety legislation
 - impacts arising from Britain's exit from the European Union
- 1.4 For this reason, this paper responds to the requirements of the Management Agreement, setting out the Business Plan in outline at this stage.
- 1.5 Despite the uncertainty, 'Create Great' our five-year Business Plan, launched in April 2020, remains strategically relevant and is fit for purpose in supporting the Council in meeting its objectives.

2. Recommendation:

- 2.1 That Board discuss and comment on the Outline Business Plan prior to its submission to the Client by 1st January 2021.

3. Context

3.1 Since adopting our current Business Plan the context in which we operate has shifted more significantly than at any other time.

3.2 The full Business Plan will take account of:

- the forthcoming regulatory changes set out in Social Housing White Paper
- findings from the Grenfell Tower Enquiry
- requirements of the new Building Safety Regulator
- financial and performance targets as established by the Council
- ongoing commitment to the transformation programme through the modernisation of service delivery and new operating model
- any new areas of responsibility or shared services that may be agreed with the Council

4. Outline Plan

4.1 The Business Plan in outline is presented as **Appendix 1**

4.2 Much of the work we committed to last year was long term in nature and in consequence many deliverables were planned to carry forward into next year. These include:

- Delivery of the Better Neighbourhoods Programme
- Response to fire safety recommendations
- New repairs contracts
- Roll-out of Traffic Management Orders
- Delivery of the Leaseholder Action Plan
- Digitalisation of service delivery through the Transformation Programme
- Implementation of a new Tenancy Agreement
- Community Investment project delivery
- Delivery of the Safeguarding Action Plan
- Rooftop development
- Management of new homes

4.3 Feedback from residents throughout the year and most recently received from the TRA Roadshow last month reaffirms the importance residents place on the delivery of core housing management services. In light of the pandemic, there has however been a marked shift in attitude towards the importance of THH responding to the needs of more vulnerable residents.

4.4 It should also be noted that the onset of COVID-19 inevitably has, in some instances, disrupted the pace at which some areas of work moved forward and has there resulted in some carry-forward. These include:

- Place shaping pilot
- Community Investment Strategy (refresh)
- Transfer of private sector housing powers
- On-line parking permits

- 4.4 A summary update of progress against 2020/2021 deliverables is shown at **Appendix 2**

5. Timeline

- 5.1 In broad terms, the full Business Plan provides information about:

- how we did in the previous year
- the priorities we will focus on
- what we will do in the coming year
- the resources we have to deliver our plan.
- the measures of success (business critical indicators or BCIs)

- 5.2 The tasks and timing of work required to complete the Business Plan are:

December

- Submit outline plan to Board for approval
- Submit agreed outline plan to client for comment

January / February

- Receive feedback from Client
- LBTH conclude HRA review and confirm capital resource allocation and management fee
- Draft final Business Plan narrative
- Detailed planning to confirm deliverables and inform associated timelines
- Work up BCI's and targets for recommendation
- Present draft Business Plan to Board for approval

March

- Finalise document
- Submit Business Plan to Client for approval
- Commence team planning and setting individual staff objectives for delivery

Appendix 1:

Outline Business Plan 2021 - 2022

Our purpose, developed in response to the Council's priorities and our residents' hopes and aspirations, provides a clear way forward: **We are here to deliver Great Homes, Great Services and Great Communities**

Great Homes

A great home extends beyond the front door and includes a local environment that is safe, green and clean and well-maintained.

Safe

Listening to residents about safety and having up to date fire risk assessments, and a programme of fire and building safety works.

Green & Clean

Investing strategically in neighbourhoods so they look and feel the best they can be and keeping them that way with caretaking and gardening. Developing with residents a new sustainability strategy.

Well-maintained

Securing high quality contractors, managing them robustly and working alongside residents to make sure quality standards and social value benefits are met.

Great Homes: Draft Deliverables in 2021-2022

We have a plan for delivering great homes that means we will:

- meet the targets of our Better Neighbourhoods Programme
- work with partners to implement actions in response to the Fire Safety Bill
- put in place plans for a pilot on our place shaping initiative
- Let and mobilise four new repairs contracts
- continue the roll-out of Traffic Management Orders

Great Services

Great services delight; they are delivered within a modern, value for money framework and inclusive, targeted and right first time.

Modern & value for money

To ensure residents can access services when and how it suits them, we will extend the ranges of services available on-line. We will also maximise the potential for mobile working so that staff can be even more effective and efficient.

Inclusive & targeted

We will listen to residents and respond to their specific needs as well as using data effectively. The outcome will be a menu of access options, extra support for those who need it and a bespoke service for leaseholders.

Right first time

Rightly, residents want services that are right first time and we will use automation and data to minimise errors alongside strong monitoring systems. Where errors occur, we will resolve complaints effectively and use the experience to learn and improve.

Great Services: Draft Deliverables 2021-2022

We have a plan for delivering great services that means we will:

- provide on-line repairs ordering for those who wish to access services electronically
- deliver the next phase of our mobile working plan
- go live with on-line parking permits
- continue to deliver actions specified in our Leaseholder Services Action Plan
- roll-out process automation
- deliver leadership development programmes to reinforce customer first culture
- support the implementation of the new tenancy agreement in line with the Council's plan

Great Communities

A great community is one that is cohesive, active and sustainable. It is also welcoming to new residents.

Cohesive

We will help foster residents' understanding of, and respect for one another. By investing in community projects, we will help bring the community together. We will also collaborate with our partners to help our residents live free from the effects of anti-social behaviour.

Active

There are increasing pressures on communities so we will work with partners to increase the financial, physical and mental well-being of residents. We will also continue to help new and existing Tenant & Resident Associations play an active part in community life.

Sustainable

We will work with the Council to increase the supply of new affordable homes and explore the potential to take on the management of temporary accommodation. We will also strengthen the management of sub-let homes.

Great Communities: Draft Deliverables 2020-2021

We have a plan for delivering great communities that means we will:

- strengthen resident engagement through the implementation of the new Resident Engagement Strategy
- refresh our Community Investment Strategy taking account of available resources
- work with LBTH to ensure benefits to THH residents from Youth Services contracts
- re-procure ASB diversionary activity contract
- work with the Council to agree strengthened application of private sector housing powers
- deliver the Safeguarding Action Plan (including work with the Council to achieve DAHA accreditation)
- work with the Council to explore rooftop development as a means of increasing the supply of new homes
- manage new homes to support the Mayor's commitment.

Making it happen

To achieve Great Homes, we need great people.

Comprised of 550 staff, our workforce is our greatest asset. Over the lifespan of this Business Plan we will continue to work hard to attract, retain and look after our staff.

It remains important to us that we create a thriving culture that places customers at its heart. During the year we will pursue accreditation with Investors in People and Housing Diversity Network in support of our focus on organisational culture.

Our Board provides leadership to ensure we meet the requirements of the Management Agreement. Comprising 12 directors, the Board's membership is four residents, four councillors and four independents.

Our Residents' Panel serves as a critical friend, scrutinising performance, providing feedback and playing an active role in shaping improvements to services.

Value for money

Create Great supports our commitment to achieving greater value for money through the continued implementation of our Value for Money Strategy. This comprises six work streams:

- budget savings
- efficiency improvements
- transformation programme (return on investment)
- social value
- income optimisation
- partnership working.

Working with the Council on the review and remodelling of the Housing Revenue Account (HRA), we will look to derive the optimum balance across complex resourcing priorities.

The financial pressures faced by the Council make it ever more important to continuously explore avenues to generate greater efficiency. During the course of the year we will work with the Council to identify savings that may be achieved through the sharing of services.

The sharing of services could:

- Assist in achieving cost savings where there are identified synergies in the services used or provided by THH and LBTH. These cost savings will lessen the financial burden on the HRA and general fund.
- Increase the strategic and commercial capacity of the Council, whilst identifying new opportunities in sharing services.
- Remove any bureaucracy where senior officers are providing comments and approvals for similar procurements for both organisations and


- Reshape the delivery of housing services and/or neighbourhood services, provided by THH/Council respectively in a more cost-effective way.
- Achieve the best outcomes for residents by integrating services across the Council and partners to make the most of the money we have.
- Residents could see a reduction in their services charges, as a result of efficiencies. This should also have a positive impact on resident satisfaction.

Measuring success

One of the white paper's aims is to increase the transparency and accountability of social landlords. At the heart of this will be a new set of tenant satisfaction measures that will see all landlords measured on a set of criteria that tenants will have access to and can compare with other landlords.

These measures will cover several areas, including building safety maintenance, the effective handling of complaints, whether landlords are keeping up with repairs, and whether they are engaging with residents in a respectful manner.

For 2021 -2022 it would be prudent to align the annual agreement of business-critical indicators, as required by the Management Agreement, to those deemed significant by the Regulator.

<p>Board of Directors</p> <p>17th December 2020</p>	
<p>Report authorised by: Susmita Sen - CEO</p> <p>Report Author: Paul Davey – Director of Business Transformation</p>	<p>Report type:</p> <p>For information</p>
<p>Title: CEO Report</p>	

1. Introduction

This report provides the Board with an update on Neighbourhood Services, Asset Management, the ongoing work of Community Support Hubs, a recent review of our work with vulnerable residents, the Housing Ombudsman’s new code on complaints handling, a proposal from LBTH to consider sharing some services on the grounds of efficiency, a token of thanks to our staff and THH performance to the end of October.

2. Recommendation

2.1 That Board Directors note the contents of this report.

3. Neighbourhood Services Update

3.1 Recovery of paused services

We have concluded work with Health and Safety and Resources colleagues to respond to staff feedback via the Trade Unions under the new process for resuming services paused by the pandemic. Activity assessments, office and personal risk assessments were completed following recent government guidance for work that cannot be carried out from home and we resumed some previously paused work activities (Estate Inspections and Fire Safety Team visits) from Wednesday 25 November 2020. Members of the management team have also been on the estates as part of these scheduled visits.

The team has also resumed carrying out:

- Viewings and sign ups, including New Builds (volunteers from the wider NHDs Service team are being utilised)
- Mutual Exchanges
- Gas Servicing forced entries

- And, attending emergencies – during office and out of office hours (e.g. Hadleigh House fire, emergencies involving vulnerable residents and block emergencies where officers have carried out reassurance visits)

The Christmas rents campaign has gone live on the website and on social media.

The income team will be tracking responses when they speak to residents from Monday 30 November 2020 until end of January 2021, to check whether residents have seen the Christmas campaign and in what format: A flyer, in Open Door (resident magazine) or digitally. Information on current rent collection rate is detailed in the performance section of this report.

3.2 Safeguarding Update

We have run several events to promote 16 Days of Activism which started on 25th of November. The first session Working with Perpetrators of Domestic Abuse (DA) went well with fifty members of staff attending.

The team continues to receive new DA and Safeguarding cases via self-referrals.

We have developed simple cards for contractors to use when they identify that a resident may need support or is presenting potential safeguarding risks. These Resident at Risk Concern Cards are with the contractors and Mears have covered the new process in their Toolbox Talks.

Safeguarding training with the Repairs team started in November. This is being delivered virtually with lots of interactions, breakout rooms and questions throughout.

Finally, we are currently reviewing recommendations arising from three domestic homicide reviews undertaken in the borough involving other social landlords. This is a key area of concern as Tower Hamlets has the second highest level of domestic homicides in London and only one below the borough with the highest. We will ensure any relevant learning is incorporated into our practice and will report back to board once this work is complete.

3.3 ASB

The ASB team have been operating from home and business as usual with the exception of home visits. Interviews with victims and statements have been managed via email and telephone rather than face-to-face. Where this has not been practicably possible Parkguard or THH Police teams have attended the victim's home. Likewise for Perpetrators of ASB. It is important to remember that in accordance with the Coronavirus Act 2020 all possession claims were suspended until September 2020. All applications for injunctions listed for hearing were suspended with the Courts advising that only the most serious and urgent cases would be heard virtually rather than in person. We are now seeing those cases re-listed as the courts adjust to the new working practices. The ASB team have been able to obtain several injunctions and premises Closure Orders during this period due the serious nature of the cases and the need to put protection in place to prevent further harm to residents and the community.

I have reported previously on the successful actions against ASB. This was followed up with a further operation in the autumn where blocks on the estate as well as void garages and sheds, intake cupboards and bin chambers were inspected and secured where required in order to ensure these areas are not being used inappropriately.

Generally everything was found to be clear and secure with only some minor repairs noted.

A recent successful raid by the police on Chicksand estate included a significant quantity of drugs and cash being seized bringing the value of the total recovered this year close to £50k. The raid will have caused a significant amount of disruption to organised criminal behaviour in the borough.

Stats April 2020 – Oct 2020

Police

- 291 Arrests
- 1042 stop and searches (this has been successful but possibly not something to go into much detail due to potentially negative perceptions of it)
- 1093 ASB Warnings

Parkguard

- 133 ASB warnings
- 30 offensive weapons recovered

The numbers for Parkguard may seem a bit low but as well as the regular estate patrols we have tasked them differently this year, for example they have carried out 252 welfare checks, supporting where THH were unable to make contact over the phone by carrying out a home visit, plus they have attended locations and all was in order 2318 times. This would tie into where we are intensively patrolling an area such as during the Summer Op where there would be repeated patrols and a regular presence needed to ensure that the initial impact is maintained, but also shows that areas they are having a positive impact in the areas are also being tasked.

3.4 Leasehold Action Plan

Work continues taking forward the recommendations in the leasehold action plan, overseen by the Customer Experience Task Force. We are keen to raise the profile of the work. The plan was discussed at the Mayors Housing Meeting in October and highlighted at recent TRA roadshow. There is a dedicated section on our website that sets this out. We are also attending the Council's Overview and Scrutiny Committee in February to update them on the work.

3.5 Traffic Management Orders update

As you will know, like many Local Authorities, THH are in the process of consulting with residents over the proposed implementation of Traffic Management Orders regarding parking on housing estates. This followed a notification from Government that they would no longer recognise the use of contract law on council owned land, with the effect that the DVLA no longer provided keeper details for offending vehicles on THH managed estates, effectively meaning that illegal parking enforcement was no longer possible and leading to a growth of illegal and irresponsible parking on THH managed estates

Consequently, the Cabinet agreed that THH should carry out a Statutory Consultation Process in September 2018 in a programme that will take at least three years. The current position in the roll out of TMOs is:

Wapping - works are complete but there are some delays over the processing of applications.

Shadwell Gardens – works, such as resurfacing and line painting, are scheduled for early January and allocations are to begin before Christmas.

Pitsea Estate - Experimental Order placed on the estate because of dangerous driving/speeding - to go live in the New Year

Berners Estate, Solander Gardens, Boundary Estate and Royal Mint are in the 2nd statutory phase of consultation with some opposition being expressed at Berners Estate.

Chicksand, Columbia Road and Avebury plus Hainton Close – The TMO process is about to begin

4. Asset Management Update

- 4.1 The Board will be aware of the challenges that the pandemic has presented. As we come out of the 2nd lockdown we are working with our contractor, Mears, to “normalise” service delivery. They too were affected by the pandemic in terms of resources they could deploy to meet the repairs demand. This has led to a backlog of repairs and a higher than usual number of overdue repairs.

Therefore, a high proportion of the enquiries received by the HSC are from residents who are contacting THH to ask about, or chase, an existing repair. For example, in October 2020, the HSC raised 4,647 new repair orders and yet they received 12,020 repair calls and approximately 4,700 repair related emails. This suggests that over 70% of the repair calls during October could be described as ‘avoidable contact’, such as customers chasing existing repairs.

Staff from other teams such as the Rents team and Leasehold Services have helped to manage the increased volume of calls by joining the HSC’s virtual network of staff who are available to answer calls and this has improved the average wait time in November 2020 to 7 minutes 6 seconds (which is still higher than required but is much lower than the October 2020 figure).

We are addressing these issues through weekly meetings with Mears to track progress on repairs across the service. Mears have demonstrated a commitment to ensuring all outstanding repairs are completed. Mears are also undertaking outbound calls to reschedule repairs and reassure residents their repair will be completed. This is assisting in easing the high number of calls and emails offered to the HSC to manageable levels.

- 4.2 Our repairs procurement is now well underway with receipt of 15 Standard Questionnaires submitted for the gas servicing and repair contract. These submissions will now be evaluated with successful companies going forward for priced tender submissions. The remaining three contracts (General Build, Fire Safety Equipment and District Heating Maintenance) are all on schedule with Fire and District Heating Maintenance being advertised to the market in December and General Build to be advertised in January.

5. Community Support Hubs

The three Community Support Hubs that THH helped set-up (Neighbours in Poplar, Darul Ummah and St Hilda's) continue to support our elderly and vulnerable residents and will continue to do so over the Christmas/new year period and beyond. The hubs have continued their work since the start of the pandemic providing residents with hot meals, essential food supplies from their food bank and befriending services/activities. The hubs have supported over 800 residents and delivered over 15,000 hot meals since the start of the pandemic.

At the start of the second wave and second lockdown, THH staff called all residents that indicated during the first wave calls that they needed support, to check in with them and see if they needed on-going support and to make sure that they were getting the support that they needed.

A virtual festive celebration event is planned for 17th December, where special Christmas meals will be delivered to all elderly residents currently receiving hot meals via the hubs. Residents that are able to do so will be encouraged to join a virtual event on zoom, where there will be speeches from various faith leaders, deputy Mayor Cllr Sirajul Islam, myself as well as from volunteers and hub leaders along with live carol singing and entertainment. There will be a focus on thanking all the volunteers that have given their time so selflessly to help during this pandemic.

The financial health centre has also continued its work with partners to support residents facing financial hardship, helping them with debt consolidation, making benefit applications, accessing council and other hardship funds, and also searching and applying for jobs.

6. Vulnerable resident review

Recently a cross THH project team conducted a review of our interaction with vulnerable residents. The aim was to ensure front line teams understood the definition of vulnerability in this context and how to raise an alert for Neighbourhoods staff to investigate further.

This has resulted in training for HSC and Neighbourhoods teams and repairs operatives, as well as briefing notes for all frontline staff and a Guidance Note for Neighbourhood teams.

THH has also distributed Concerned Cards to all those who enter residents' homes or engage with them on THH managed estates. These clearly set out the vulnerability definition and how to report an alert.

In line with strategic IT policy all alerts are captured on Northgate (the THH housing management system) where data can be tracked and monitored. Early reports suggest the system is working well.

7. Housing Ombudsman Code

- 7.1 In August 2018, the government announced the Social Housing Green Paper setting out its vision for social housing in England. Amongst the provisions of the green paper were plans to improve and speed up the resolution of complaints. This followed the discovery of failures in complaints handling at Kensington and Chelsea in the run up to the Grenfell Tower tragedy in 2017. Complaints handling also featured as a key

concern of residents during the engagement with residents by the then Housing Minister(s) in the lead up to the Government's announcement of the Green Paper. The Government has reaffirmed its commitment to strengthening complaints handling in the sector by including this area as one of the themes in its recently published White Paper (see elsewhere on this agenda).

- 7.2 In anticipation of the White Paper, the Housing Ombudsman has published a revised code in July 2020 which it expects all landlords signed up to the scheme to implement by January 2021. As part of this process, all landlords are required to carry out and submit a self-assessment against the Code by 31st December 2020. It is intended that the code will enable boards to foster a culture of learning which can then be used to drive improvements in service delivery and, ultimately, lead to better relationships between landlords and their tenants.
- 7.3 Key changes being introduced in the complaint code include;
- A strengthened role for the Ombudsman enabling it to intervene at any stage of the complaints process rather than at the end.
 - A new power which enables the Housing Ombudsman to issue complaint handling failure orders which could relate to the handling of an individual case or the landlord's overall complaint-handling policy.
 - Referrals to the Regulator for Social Housing on issues of non-compliance
 - Reduction in response times for Stage 1 complaints to 10 working days (with some exceptions for Councils or smaller housing organisations)
- 7.4 Officers have been working closely with colleagues in the Council to ensure THH is compliant with the new code as of January 2021. As part of this process staff have completed a self-assessment (Appendix 1) which will be published on our website prior to the deadline. There has also been a programme of internal engagement to raise awareness of the Code within the organisation and changes made to our policies and procedures and standard responses to reflect the changes required by the Code.
- 7.5 The Code makes provision for Councils operating a single corporate complaints procedure or smaller housing organisations which cannot reasonably respond to complaints within the proposed target to deviate from the guidelines. In line with this exemption, the Council has asked THH to continue to operate against the current target of 20 days. Whilst THH will continue to operate against the 20-day target, internally staff will be expected to respond to all complaints within 10 days where it is reasonable to do so. This will be monitored and reported against to the Executive Team and the Board.

8. Sharing services with LBTH

- 8.1 Like many local authorities LBTH has been managing a programme of savings over the past few years. To help with the current financial pressures the Council have asked THH to look for opportunities where services we both undertake can be shared between the two organisations.

An introductory meeting has been held on shared services. Both parties agreed to look at the following during this review:

- Try to achieve cost savings where there are identified synergies in the services used or provided by LBTH and THH. These cost savings will lessen the financial burden on the HRA and general fund.

- Increase the strategic and commercial capacity of the Council, whilst identifying new opportunities in sharing services.
- Remove any bureaucracy where LBTH senior officers are providing comments and approvals for similar procurements for both organisations and
- Reshape the delivery of housing services and/or neighbourhood services, provided by THH/Council respectively in a more cost-effective way.
- Achieve the best outcomes for our residents by integrating services across the Council and partners to make the most of the money we have.

9. Thanks to THH staff

As the Board will all know 2020 has been a hard time for our residents but it has also been a hard time for our staff.

In recognition of this and to thank them for their dedication and flexibility we are giving staff an extra days Wellbeing leave in the 2021-22 leave entitlement.

I am sure the Board will want to add their own thanks to our staff group who have continued to provide the housing service in this most difficult of times.

10. Board Performance Report to October 2020

10.1 Reporting in 2020-21

There are 48 indicators in the 2020-21 Board performance suite. A revised set of 25 Business Critical Indicators [BCIs] was agreed by the Client in April 2020 comprising: 10 monthly, 12 quarterly and 3 annual measures. Three indicators previously reported at Board-level have been added to the monthly BCI suite. These are: *Repairs completed right first time*; *Complaints responded to in target*; and *Complaints escalation*. The BCIs are supplemented by 23 measures reported at Board level only.

Some gaps in the data remain but the majority of the satisfaction surveys suspended from April have now been reinstated. Results are available for 15 of the 17 monthly indicators, and 21 of the 28 quarterly indicators.

By agreement with the Client, targets have not yet been set for the 2020-21 BCIs. Performance is therefore shown here compared to the 2019-20 out-turn.

10.2 Performance Summary October 2020

THH performance to October 2020 is set out in Appendix 2 to this report.

Of the 15 monthly indicators, 8 [53%] show an improved performance in October compared to September. This includes: *Complaints responded to in target*; *Repairs satisfaction*; *Average re-let times*; *Rent collected*; and *Members Enquiries responded to in target*.

However, of the 14 indicators with a comparable result, 10 [71%] show a reduced performance compared to the 2019-20 out-turn or equivalent month last year for profiled indicators.

10.3 Quarterly indicators

Of the 13 quarterly indicators with results for both quarters, 8 [62%] have improved since Quarter 1.

Of the 18 indicators with a comparable result, 10 [56%] show a weaker performance for the year to date compared to 2019-20 whilst in 8 [44%] performance has strengthened.

Areas of strong performance include: *Leaseholder satisfaction* which has increased to 79%; *MyTHH registrations*; *Satisfaction with caretaking*; *Major works – both programme delivery and satisfaction*; and *Major works invoices* where all but one of the outstanding invoices have now been issued.

10.4 Key operations

Commentary on the current performance in key operational areas is set out below:

10.4.1 Calls answered

The Housing Service Centre [HSC] is experiencing increasing call volumes week on week, receiving an average of 802 calls per day in October compared to 702 in September. Emails have increased from 6,829 in September to 7,968 in October. A significant proportion of the calls and emails are repairs-related including chase-up calls following the resumption of non-emergency repairs post lockdown. Performance at the HSC continues to be adversely affected by intermittent VPN connection and other system failures following the roll out of Windows 10.

Remedial action being taken includes training staff from other sections to help take calls and Mears taking on additional operatives.

10.4.2 Income collection

Rents

Collection including pre-payments remains above 100%. Rent arrears, having increased significantly from £3.48m at the end of March 2020 to £4.05m at the end of July, have stabilised to £3.78m at the end of October. This is 5.2% of the rent roll.

We continue to support tenants to prevent the build-up of unmanageable rent arrears by checking welfare and benefit entitlement, making advice referrals, and agreeing affordable repayment arrangements. SMS payment reminders and arrears alerts went live in September.

As previously reported, the backlog of cases for legal recovery action through the courts will have an impact on performance as hearings at the County Court once resumed will be limited and subject to demand from all housing organisations and landlords needing to deal with court actions.

Service charges

Collection remains down compared to last year; day-to-day service charge income is holding up reasonably well at 96% of amount billed whilst major works charges are more significantly affected. The issues of court availability will be similar to those affecting the rent service.

10.4.3 Voids

The initial period of lockdown when properties were only let in emergencies left a backlog of voids. When full re-letting resumed on 20 July, the need for socially distanced working and viewings only being conducted after all void repair works had been completed, also impacted on performance. This was compounded by the requirement to let a number of new build schemes.

Neighbourhood colleagues have been assisting the Voids Team in tackling the backlog, and re-let times are now improving. In addition, the Voids team plans to introduce virtual viewings and digital sign ups, a more efficient way of working, which should result in a further improved turnaround of relets from December 2020.

10.4.4 **Gas safety**

Gas compliance had stabilised at 99.78% by the end of October with just 21 properties non-compliant; 18 were due in court on the 2nd of December.

Housing Ombudsman Complaint Handling Code - Self-assessment Tower Hamlets Homes (THH)

Compliance with the Complaint Handling Code				
1	Definition of a complaint	Yes	No	Comment
	<p>Does the complaints process use the following definition of a complaint?</p> <p>Definition in the new code An expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the organisation, its own staff, or those acting on its behalf, affecting an individual resident or group of residents.</p>	✓		THH has adopted the new Housing Ombudsman complaint definition.
	Does the policy have exclusions where a complaint will not be considered?	✓		Exclusions are clearly defined in our Complaints Procedure.
	Are these exclusions reasonable and fair to residents?	✓		Exclusions are consistent with policies of other social landlords. We have also consulted with the THH Residents' Panel.
2	Accessibility			
	Are multiple accessibility routes available for residents to make a complaint?	✓		A variety of routes are open to residents, including, online form; email; post; telephone; via advocates; social media
	Is the complaints policy and procedure available online?	✓		These are published on the THH website alongside the self-assessment.
	Do we have a reasonable adjustments policy?	✓		Our Diversity Policy Statement specifically references accessibility and information on accessibility.

	Do we regularly advise residents about our complaints process?	✓		<p>Advice for residents' on how to complain is prominently available on the THH Website. Housing Call Centre staff routinely provide advice. Information is also featured in the Winter edition of Open Door (all resident publication).</p> <p>From January 2021 a new Stage 1 acknowledgement template will include a link to our complaints procedure on the website and will also provide a summary of the procedure.</p>
3	Complaints team and process			
	Is there a complaint officer or equivalent in post?	✓		THH has service-based officers who are responsible for resolving investigating and drafting responses to complaints. We also have a small Customer Relations Team that monitor and report on compliance
	Does the complaint officer have autonomy to resolve complaints?	✓		Complaints are dealt with by officers who have direct responsibility for resolving complaints. In addition, we routinely monitor to ensure that commitments made in a response are followed up.
	Does the complaint officer have authority to compel engagement from other departments to resolve disputes?	✓		The officer responding to the complaint (complaint owner) will communicate with the relevant departments within THH to ensure that complaints have been fully responded to. An escalation process is in place to ensure that relevant departments engage.
	If there is a third stage to the complaints procedure are residents involved in the decision making?			Not applicable - we have a 2-stage process
	Is any third stage optional for residents?			Not applicable - we have a 2-stage process

	Does the final stage response set out residents' right to refer the matter to the Housing Ombudsman Service?	✓		Final stage responses provide clear advice for residents on their right to refer. We also promote that residents can seek general advice from the Housing Ombudsman at any stage.
	Do we keep a record of complaint correspondence including correspondence from the resident?	✓		All complaint correspondence is stored on the Council's complaint management system (iCasework)
	At what stage are most complaints resolved?	✓		96.5% cases were resolved at Stage 1 between 1 April 20 – 30 November 2020.
4	Communication			
	Are residents kept informed and updated during the complaints process?	✓		In acknowledging complaints, we always provide residents with a deadline for response and our procedure requires staff to keep residents informed of progress throughout. If we are unable to respond by the given deadline, we will contact the resident and explain the reason for delay.
	Are residents informed of the landlord's position and given a chance to respond and challenge any area of dispute before the final decision?	✓		Staff agree the resolution with the resident, and this is confirmed in the response. Residents are contacted after a stage 1 response has been made and given the opportunity to challenge the decision.
	Are all complaints acknowledged and logged within five days?	✓		All complaints are acknowledged within 48 hours of receipt
	Are residents advised of how to escalate at the end of each stage?	✓		All responses provide clear advice for residents on their right to escalate.
	What proportion of complaints are resolved at stage one?			Between April 20 and November 20, 96.6% of complaints are resolved at the first stage
	What proportion of complaints are resolved at stage two?			Between April 20 and November 20, 83% of complaints are resolved at the second stage
	What proportion of complaint responses are sent within Code timescales?	In part		THH are responsible for stage 1 complaints and is required to operate in accordance with London

	<ul style="list-style-type: none"> • Stage one Stage one (with extension) • Stage two Stage two (with extension) 			<p>Borough of Tower Hamlets policy which sets a 20-day response target. We always endeavour to respond to complaints sooner.</p> <p>96.5% Stage 1 complaints were responded to within 20 days (1 April 2020 to 30 November 2020).</p> <p>The London Borough of Tower Hamlets is responsible for stage 2 complaints. From 1 April 2020 to 30 November 2020 17% Stage 2 complaints were responded to within 20 day.</p> <p>From January 2021 we will be able to provide details of cases which had extensions.</p>
	Where timescales have been extended did we have good reason?	✓		Approval of the independent Customer Relations Team is required to ensure there is good reason to extend.
	Where timescales have been extended did we keep the resident informed?	✓		Our procedure requires that staff contact residents to explain reasons for extending deadlines and follow up the discussion in writing
	What proportion of complaints do we resolve to residents' satisfaction.		x	<p>We currently contact all residents following a response to ensure complaints are resolved to a residents satisfaction. Formal satisfaction results are not currently recorded.</p> <p>We plan to introduce a formal survey to comply with this aspect of the code.</p>

5	Cooperation with Housing Ombudsman Service			
	Were all requests for evidence responded to within 15 days?	✓		THH aim to provide requested evidence to the Housing Ombudsman within 15 working days. If there are any issues, we always agree a new timescale with the Housing Ombudsman.
	Where the timescale was extended did we keep the Ombudsman informed?	✓		We keep an open dialogue with the Ombudsman always update on any extension.
6	Fairness in complaint handling			
	Are residents able to complain via a representative throughout?	✓		As part of reasonable adjustment we allow for a representative to complain on behalf of a resident.
	If advice was given, was this accurate and easy to understand?		x	We plan to introduce a formal survey to comply with this aspect of the code.
	How many cases did we refuse to escalate? What was the reason for the refusal?			The Council refused to escalate 5 cases to Stage 2 between 1 April 2020 and 30 November 2020 for the following reasons: <ul style="list-style-type: none"> • Matter to be dealt with under the Whistle Blowing procedure. • Matter not for THH to resolve • Complaint withdrawn by resident • Complainant was an unauthorised occupant • Resident failed to provide reasons for escalation
	Did we explain our decision to the resident?	✓		Residents are provided with a written explanation of the decision.
7	Outcomes and remedies			
	Where something has gone wrong are we taking appropriate steps to put things right?	✓		If a complaint is not fully resolved by the time a response is given, a corrective action is recorded on the complaints management system. These actions are monitored to ensure issues are fully resolved

8	Continuous learning and improvement			
	What improvements have we made as a result of learning from complaints?	✓		<p>We regularly assess learning from complaints. Recent examples of improvements we have made through this learning process includes;</p> <ul style="list-style-type: none"> • Improvements to how we communicate with residents when undertaking certain types of electrical works • Introduction of new processes for managing window repairs to reduce the number of inspections, enable a more structured decision-making process and properly manage the expectations of our residents. • Additional steps put in place to ensure service charge bills are reviewed for accuracy before being issued to residents.
	<p>How do we share these lessons with:</p> <p>a) residents?</p> <p>b) the board/governing body?</p> <p>c) In the Annual Report?</p>	✓		<p>Learning is shared with the Residents' Panel and through our Board led Customer Experience Task Force. Going forward, we will have a regular slot in our all resident publication (Open Door)</p> <p>Our Annual Report highlights some learning, and this is to be expanded for next year.</p>
	Has the Code made a difference to how we respond to complaints?	✓		<p>To a large extent our existing practice was in line with the code. Carrying out the self-assessment has given us an opportunity to review and strengthen, and engage with staff and residents about the importance of complaints.</p>

	<p>What changes have we made?</p>	<p>✓</p>		<p>Changes include:</p> <ul style="list-style-type: none"> • amended response templates • updated and more prominent information on our website • changes to complaints handling system to enable compliance tracking • updated procedure • staff refresher training • plan to commence formal satisfaction survey • commitment to publish learning more frequently
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October 2020

Tower Hamlets Homes Key Monthly Performance Indicators

Year to date performance: October 2020

KPI Name	YTD	TREND ¹	PREVIOUS YEAR				
			YTD Oct 2019	Year on Year Trend	Out-turn 19/20	Trend: YTD Against Out-turn	TARGET 19/20
Customers							
1 % of calls answered	80.3%	▼	90.9%	▼	87.6%	▼	92.0%
2 % of Complaints responded to in target STAGE 1 ONLY	96.6%	▲	96.0%	▲	95.7%	▲	95.0%
3 Complaints Escalation: % of Complaints Upheld at Stage 2	5.7%	▼	5.8%	▲	6.5%	▲	10.0%
Homes & Neighbourhoods							
4 Repairs: Appointments kept			94.3%		94.0%		95.0%
5 % of properties with a current gas safety certificate	99.8%	▼	100%	▼	100%	▼	100%
6 Repairs: Emergency repairs in target	98.9%	▼	98.4%	▲	98.3%	▲	98.5%
7 Repairs: Non-emergency repairs in target	98.3%	▲	98.6%	▼	98.0%	▲	98.5%
8 % of repairs completed right first time			82.0%		80.8%		83.0%
9 % of tenants rating the repairs service as excellent, good or fair	80.9%	▲	89.8%	▼	87.8%	▼	92.0%
10 Unauthorised Occupancy: Homes Recovered	8	▲	34		56		55
Organisational							
11 Average time to relet empty homes - Short term (days)	54.4	▲	23	▼	21	▼	22
12 Average time to relet empty homes - Long term (days)	55.8	▲	45	▼	40	▼	35
13 % rent collected (of rent due)	100.7%	▲	101.8%	▼	101.3%	▼	99.5%
14 Current arrears as % of rent roll	5.2%	▼	4.5%	▼	4.6%	▼	5.3%
15 % of Members' Enquiries responded to in target	90.0%	▲	91.9%	▼	91.0%	▼	90.0%
16 Service charge collected	95.9%	▼	107.0%	▼	101.2%	▼	100%
17 Major works charge collected	£2.1m	▼	141.3%	▼	126.8%	▼	100%

Notes
¹ TREND: Compared to previous month



Q

Business Critical Indicators & Key Service Indicators
QUARTERLY INDICATORS

October
2020

		YTD	TREND	
				Out-turn 19/20
Customers				
1	Percentage of residents rating the HSC as excellent, good, or fair	BCI		92.8%
2	Percentage of residents agreeing with the statement 'THH does what it says it will do'	BCI	69.0%	78.7%
3	Overall Satisfaction: Tenants	BCI	84.0%	89.1%
4	Overall Satisfaction: Leaseholders	BCI	79.6%	71.9%
5	No. of MyTHH registrations		7,103 ▲	
6	No. of unique MyTHH visits as a % of residents registered		47.4% ▼	40.1%
7	Reduction in the number of telephone calls about parking		0	
Homes & Neighbourhoods				
8	Satisfaction With Caretaking	BCI	86.7%	88.1%
8a	Satisfaction With Caretaking : Tenants		88.0%	89.4%
8b	Satisfaction With Caretaking : Leaseholders		84.2%	85.3%
9	% of residents satisfied with the service provided by the caretaker		89.0%	92.9%
10	% of residents satisfied with the neighbourhood		85.3%	84.5%
11	ASB: % of cases successfully resolved		98.6% ▲	98.5%
12	ASB: % of residents satisfied with handling of ASB			53.6%
13	Reduction in the number of telephone calls about repairs		48,637	97.2%
14	% of communal repairs completed right first time		80.5% ▲	87.1%
15	% of Overdue Outstanding repairs		30.9% ▼	NEW
16	Major Works Programme Delivery	BCI	88.3% ▲	99.3%
17	Major Works Invoices Issued	BCI	8	87.4% ▲
18	Percentage of residents rating capital works as excellent, good or fair	BCI	90.1% ▲	92.8%
19a	Reduction of blocks with Substantial Fire Risk to Tolerable	BCI		NEW
19b	Reduction of blocks with Moderate Fire Risk to Tolerable	BCI		NEW
20	% of blocks with Fire Risk Assessment in place	BCI	100% ◀▶	100%
21	% of contractor schemes subject to additional health & safety monitoring			
Organisational				
22	Void Rent Loss as % of Rent Due	BCI	0.75% ▼	0.48%
23	% of managers trained in health & safety			74.7%
24	People Strategy: Staff positively rating "Residents are at the heart of what we do"			90.3%
25	Average Days Staff Sickness		9.8 ▲	10.6
26	% of Agency Staff		10.9% ▲	17.0%
27	Staff Turnover		3.4% ▼	9.3%

**Tower
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Homes**

THH Transformation Programme

THH Board

17 December 2020

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Introduction

- The focus of the Transformation Programme (Customer Access and Experience Programme) over the last two years has been on improving the customer experience.
- Various projects have been completed, including:
 - Digital Strategy projects (MyTHH, mobile working, new website, new intranet, upgrading Northgate, etc).
 - ASB – introduction of new procedures and online reporting.
 - Communal repairs improvements.
 - Leasehold subletting – robust registration processes in place.
 - Merger of Caretaking Support Team and Drainage Team to create one multi-skilled Response Team.
 - People Strategy projects (reward and recognition programme – THH Buzz, PerformanceHub, Nurse-led absence reporting, new competency framework, etc)

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Drivers for the Review of the Programme

- It was time to review the programme because:
 - Several projects that were part of the programme had been completed.
 - The programme needed to take account of changing internal and external factors, e.g. financial pressures, new regulatory changes, Covid-19 and new ways of working, changing customer needs and evolving customer expectations, etc.
 - The need to ensure the programme focuses on the ambitions of the organisation to develop a new operating model by 2023.

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The New Business Transformation Programme

- The new programme focuses on delivering **Great Services**, which is part of our purpose (*Great Homes, Great Services, Great Communities*).
- The vision for the new Transformation Programme is:

To deliver great services by:
 - Offering an outstanding range of online services that residents use as their preferred method for accessing THH services.
 - Ensuring our processes are efficient and make the best use of technology to deliver services right first time.
 - Achieving our ambitions through the effective engagement and development of a high performing workforce.

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Components of the Programme

- The new Transformation Programme will be focused around three strategies:
 1. The Customer Access Strategy.
 2. The Digital Strategy.
 3. The People Strategy.
- These strategies will help us achieve our Target Operating Model by March 2023, which can be summarised as:
 - 40% of transactions to take place via online self-service
 - 40% of transactions to be handled by the HSC and resolved or triaged.
 - 20% of transactions to be handled directly by teams through the telephone IVR system and e-forms.

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Key Projects Within the Programme

- Some of the key projects within the programme are:
 - Developing an online repairs portal to enable residents to report at least 70% of non-emergency repairs online. These orders will go directly to the contractors.
 - Introduction of an online portal for parking permits to enable at least 80% of parking transactions to take place online.
 - Development of e-forms and associated workflow so that 30% of the non-repair enquiries that currently go to the HSC would go directly to the relevant team.

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Ensuring the Programme Meets Residents' Needs

- The Target Operating Model has been designed to meet the needs of all THH residents.
- This means ensuring that we continue to offer a range of ways for residents to access services, i.e:
 - Telephone (main 5015 number and freephone number).
 - Face-to-face (Rushmead Office, home visits, residents' meetings, estate inspections, TRA meetings).
 - Digital online (e-forms, MyTHH, parking portal, social media, SMS).
 - Post – some residents still prefer to send letters and complete hard copies of forms.

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Governance of the Programme

- The Transformation Programme Board- will drive the programme forward and deliver the outcomes and benefits.
- The Executive Management team - will receive progress reports to ensure the programme is delivering against the corporate objectives.
- The Transformation Director – will be accountable for ensuring the programme meets its objectives.
- The Programme Manager – will manage the set up and delivery of the programme.
- Board – CETF?

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**Thank you for listening.
Are there any questions?**