

WESTMINSTER CITY COUNCIL

STATEMENT OF DECISION

SUBJECT: ESTABLISHMENT OF A WHOLLY OWNED HOUSING COMPANY

Notice is hereby given that Cabinet has made the following executive decision on the above mentioned subject for the reasons set out below.

Summary of Decision

1. That the establishment of a Wholly Owned Housing Company be approved for, initially, delivery of intermediate and market housing in the City and, if approved, that a long list of proposed development schemes include the Wholly Owned Housing Company as an option for delivery and development.
2. That arrangements to establish a second Wholly Owned Housing Company, where appropriate, be approved, in order to simplify the VAT accounting and reduce potential VAT leakage whilst at the same time helping the Council to meet its strategic objectives of having the flexibility to either sell, transfer or let residential properties.
3. That provision be made by means of a virement in the Council's General Fund capital programme for 2018/19 in respect of any scheme which is determined in due course to be delivered through the Wholly Owned Housing Company.
4. That Appendices C and D attached of this report be exempt from disclosure by virtue of the Local Government Act 1972 Schedule 12A, Part 1, paragraph 3 as amended, in that they contain information relating to the financial or business affairs of Westminster City Council and in the case of Appendix D legal advice.

Reasons for Decision

1. The supply of social/affordable housing in Westminster cannot keep pace with demand. The Greater London Authority predictions are for continuing increases in London's population from 8.2 million in 2011 to 9.2 million in 2021 and up to 10.1 million in 2036. Private rents are amongst the highest in the UK with only RBKC and the City of London above Westminster.
2. The risk of insufficient housing across the City, that is affordable by Westminster residents, is one of the Council's principle risks. It has a major impact on the General Fund where the costs of providing temporary accommodation are increasing.
3. The principle mitigation is to increase housing delivery through Council-led projects and the Council has made a commitment to provide at least 1,850 affordable homes by 2023. The aim is to ensure that, from the most vulnerable and low income households to those middle income households, all have access to the type and quality of accommodation to meet their needs.
4. However, whilst much activity is underway, the Council needs to do more. The report on Speeding Up Housing Delivery in April 2017 made clear that additional means of extending the Council's resources for new housing provision must be

considered to achieve the Council’s ambition to accelerate and deliver more and varied new housing provision. Housing Revenue Account (HRA) activity is now set to use all the available resources of the HRA and the Affordable Housing Fund is at capacity utilisation. Expanding provision in the HRA is therefore at its limit and, particularly for tenures other than social and affordable rent, the Council must look to using other delivery vehicles. The Deloitte report on Strategic Housing Options recommended options such as Joint Ventures and a Wholly Owned Housing Company which can access alternative funding sources and provide intermediate tenures.

5. Against this background, the objectives for a Wholly Owned Housing Company are to help deliver the Council’s ambition to increase the supply of housing affordable to those living and working in Westminster. The Wholly Owned Housing Company will be another vehicle which will:

Wholly Owned Housing Company Objectives	
1.	Extend the Council’s resources by working with the Council (where the Council’s view is that other delivery partners are neither available nor appropriate) to deliver the regeneration, and new build or acquisition opportunities being identified by the Council.
2.	Operate on a commercial basis but offering new tenures and, in particular, intermediate tenures to extend the range of provision available for Westminster residents
3.	Work to the scale and pace set by the Council.
4.	Work to the Council’s quality standards to help ensure quality housing is provided for all income ranges

6. This report considers how a Wholly Owned Housing Company might be used and recommends that such a company is established to assist the Council in increasing housing delivery for all those living and working in Westminster. It should be noted that other vehicles/providers may have the same or similar objectives and setting up a Wholly Owned Housing Company will not, and should not, preclude the Council from working with others. However, there may be factors which indicate that a Wholly Owned Housing Company will be the best route for a particular development opportunity.

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