



City of Westminster

# Committee Agenda

Title: **Housing, Finance and Corporate Services Policy and Scrutiny Committee**

Meeting Date: **Wednesday 13th April, 2016**

Time: **7.00 pm**

Venue: **Rooms 5, 6 & 7 - 17th Floor, Westminster City Hall, 64 Victoria Street, London, SW1E 6 QP**

Members: **Councillors:**

Brian Connell (Chairman)	Gotz Mohindra
Antonia Cox	Jacqui Wilkinson
Peter Freeman	Adam Hug
Richard Holloway	Guthrie McKie

**Members of the public are welcome to attend the meeting and listen to the discussion Part 1 of the Agenda**

**Admission to the public gallery is by ticket, issued from the ground floor reception at City Hall from 6.30pm. If you have a disability and require any special assistance please contact the Committee Officer (details listed below) in advance of the meeting.**



**An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, please contact the Committee Officer, Reuben Segal; Senior Committee and Governance Officer.**

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**Note for Members:** Members are reminded that Officer contacts are shown at the end of each report and Members are welcome to raise questions in advance of the meeting. With regard to item 2, guidance on declarations of interests is included in the Code of Governance; if Members and Officers have any particular questions they should contact the Head of Legal & Democratic Services in advance of the meeting please.

## **AGENDA**

### **PART 1 (IN PUBLIC)**

#### **1. MEMBERSHIP**

The Head of Legal and Democratic Services to report any changes to the membership.

#### **2. DECLARATIONS OF INTEREST**

To receive declarations by Members and Officers of the existence and nature of any personal or prejudicial interests in matters on this agenda.

#### **3. MINUTES**

To sign the minutes of the previous meeting as a correct record of proceedings.

**(Pages 1 - 10)**

#### **4. WORK PROGRAMME**

**(Pages 11 - 18)**

#### **5. UPDATE FROM CABINET MEMBERS**

An update from the Cabinet Members on key areas within their portfolios are attached.

The Cabinet Member for Housing, Regeneration, Business & Economic Development will be in attendance to answer questions from the Committee.

**(Pages 19 - 30)**

#### **6. THE HOUSING AND PLANNING BILL - AFFORDABLE HOUSING SUPPLY AND PRIVATE RENTED SECTOR**

**(Pages 31 - 50)**

Report of the Director of Housing and Regeneration, Head of Residential Services and Head of City Policy and Strategy

#### **7. TOTAL FACILITIES MANAGEMENT - PERFORMANCE AND CONTRACT REPORT**

**(Pages 51 - 62)**

Report of Head of Facilities Management (Tri-Borough)

**Charlie Parker**  
**Chief Executive**  
**5 April 2016**



**CITY OF WESTMINSTER**

# MINUTES

## Housing, Finance and Corporate Services Policy and Scrutiny Committee

### MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Housing, Finance and Corporate Services Policy and Scrutiny Committee** held on **Wednesday 9th March, 2016**, Rooms 5, 6 & 7 - 17th Floor, Westminster City Hall, 64 Victoria Street, London, SW1E 6 QP.

**Members Present:** Councillors Brian Connell (Chairman), Barbara Arzymanow, Peter Freeman, Richard Holloway, Adam Hug and Vincenzo Rampulla

**Also Present:** Councillor Tim Mitchell, Cabinet Member for Finance and Corporate Services, Steve Mair, City Treasurer, Greg Ward, Director of Economy and Infrastructure, Barbara Holm, Head of Services, WAES, Tom Harding, Manager of Employment and Skills, Tamara Williams, Waste Service User, Greg Roberts, Head of Supporting People and Temporary Accommodation, Anne Pollock, Scrutiny Officer and Reuben Segal, Senior Committee and Governance Officer

**Apologies for Absence:** Councillor Antonia Cox and Councillor Gotz Mohindra

#### 1 MEMBERSHIP

1.1 It was noted that Councillor Barbara Arzymanow had replaced Councillor Jacqui Wilkinson.

#### 2 DECLARATIONS OF INTEREST

2.1 The known standing declarations as tabled at the meeting were as follows:

Member	Organisation	Nature of Interest
Richard Holloway	CityWest Homes	Board Member
Vincenzo Rampulla	CityWest Homes	Board Member

- 2.2 Councillor Arzymanow declared that she is a governor of the Westminster Adult Education Service.
- 2.3 Councillor Richard Holloway declared in relation to the renewal and implementation of a new network and telephone solution for the City Council that the company that he works for is heavily involved in this sector. However, he did not believe that it had any projects involved with the re-let of the City Council contract.

### **3 MINUTES**

- 3.1 **RESOLVED:** That the minutes of the meeting held on 6<sup>th</sup> January 2016 be signed by the Chairman as a correct record of proceedings.

### **4 WORK PROGRAMME**

#### **4.1 RESOLVED:**

1. That the agenda items for the next meeting on the 13<sup>th</sup> April be agreed
2. That the responses to actions and recommendations as set out in the tracker be noted.

### **5 UPDATE FROM CABINET MEMBERS**

- 5.1 The Committee received written updates from the Cabinet Member for Finance and Corporate Services and the Cabinet Member for Housing, Regeneration, Business and Economic Development on the key aspects of their portfolios.
- 5.2 The Cabinet Member for Finance and Corporate Services provided the following verbal update:
- That it was expected that a the 2015/16 budget would be underspent once period 10 monitoring was complete.
  - In respect of the revenue budget, in order to take advantage of the four-year finance settlement offer the Council will need to prepare a forward-looking Efficiency Plan. The papers for this will need to be submitted by 14 October. This will be progressed once the Council's accounts have been audited. No guidance had been provided on what such a plan should consist of. The earlier that the Council submits its plan the more likely it will be able to influence what it should contain.
  - In light of the Efficiency Plan, the Council may change the way in which it approves the annual budget and Council tax. Rather than agreeing both annually in March the Council may separate taxation and spending into two separate processes similarly to the Government's Budget and Autumn Statements.

- With regard to business rates “localisation”, he reported that he had appeared on behalf of the City Council as a witness in front of the Communities & Local Government Select Committee at the start of the week along with, among others, the leader of the London Borough of Haringey who spoke on behalf of the Local Government Association. He highlighted to the Select Committee the problems with the current system whereby Westminster continues to be negatively impacted by business rates appeals where its effect will be to reduce the Council’s funding by £6 million per annum below governments assumed funding allocations. He had argued that a new system would need to include some kind of formula for business rates distribution. At present the Council only retains 4% of the business rates that it collects while it would like to retain a sum based on growth in the areas economic value and is also seeking other changes to the system.

5.3 The Cabinet Member then responded to questions from the committee on the following matters.

#### Finance

5.3.1 The Cabinet Member was asked about the current level of general reserves and what it was expected to increase to. He advised that the Council had an ambition to build up its reserves following the need to draw heavily on them following the fall in revenue arising from the recession in 2008. General reserves were currently at £36 million and the expectation was that this would rise to circa £40 million before the end of the financial year.

5.3.2 The Cabinet Member was asked whether there had been any notable response to the Council’s decision to increase Council Tax by 2% for Adult Social Care along with a 1.99% general increase. He stated that there had not. The only press coverage he was aware of had been in the West End Extra. He pointed to the fact that most local authorities had increased council tax this year. He considered that it would have more likely have been reported upon if the council had done the opposite and continued to freeze Council Tax.

5.3.3 The Committee asked whether there was a clear expectation from government of what it would require of the Council in return for a four-year finance settlement. He stated that no information had been provided but that it was likely that the Council would have to offer something in return. He explained that the settlement would not provide total financial certainty for the Council as it also receives funding from other government departments. Steve Mair, City Treasurer, commented that while the settlement would provide certainty to a degree this would be affected in the event of changing circumstances such as another recession.

#### Revenue and Benefits

5.3.4 In relation to business rates reform, concern was expressed that the current system was a tax on commercial property. Members asked whether the reforms would be broader than simply looking at the distribution of rates so that it is a much fairer and relevant system. The Cabinet Member

acknowledged that it was challenging that other types of businesses such as online enterprises do not have to pay equivalent sums. He advised that the Council had lobbied government with a request that any additional requirements placed upon it to retain a greater proportion of the rates it collects relate to services that it already provides such as employment projects.

#### ICT

- 5.3.5 The Cabinet Member was asked why the council was assessing options around the renewal and implementation of a new network and telephone solution. He explained that this was because of current contract was coming up for renewal. The Council would draw upon a framework contract that had been established for this service.

#### Corporate Property

- 5.3.6 The Cabinet Member was asked about the parameters of the review of the Corporate Property portfolio, whether it would include properties in the CityWest Homes portfolio and whether it was for a set period. He explained that the purpose of the review was to analyse the occupancy and use of each property that the Council occupies to deliver its services to ensure that it was using buildings efficiently and at reasonable cost. The target is to reduce the Council's property footprint to reduce running costs. He advised that the contract with property consultants BNP Paribas Real Estate was for a fixed term. It was possible that the commercial properties in Church Street managed by Corporate Property that are held in the Housing Revenue Account could be included. He undertook to ask the Director of Property, Investment and Estates to confirm.

#### Human Resources

- 5.3.7 With regard to Westminster's Apprenticeship Scheme, disappointment was expressed that only 12 apprenticeships had been created with contractors since April 2015 given the number of contractors that the Council has. Greg Ward, Director of Economy and Infrastructure, stated that the Council was aware that it could do better in this respect. A new strategy had been developed in relation to contractors which had been agreed by the Cabinet Member for Housing, Regeneration, Business & Economic Development. One of the requests of businesses is to commit to provide more apprenticeship opportunities.

- 5.4 **RESOLVED:** That the written updates from Cabinet Members be noted.

#### 5.5 **ACTION:**

1. Clarify whether the review of the Corporate Property portfolio includes any CityWest Homes properties that fall within the HRA. (**Action for: Guy Slocombe, Director of Property, Investment and Estates**)
2. Clarify how many of the 103 apprenticeship opportunities which have been created since April 2015 have gone to Westminster residents. (**Action for: Greg Ward, Director of Economy and Infrastructure**)

## **6 WESTMINSTER ADULT EDUCATION SERVICE - STRATEGIC REVIEW FINDINGS AND PROPOSED WAY FORWARD**

- 6.1 Greg Ward, Director of Economy and Infrastructure, introduced a report that provided an overview of the Westminster Adult Education Service (WAES). It also set out the findings of an internal review of the service and as well as details of a National Area Review of post-16 education and skills that is currently underway.
- 6.2 The committee was asked for a view on:
- The Westminster Adult Education Services' local contribution and offer to residents and employers.
  - The recommendation, following an internal review, of strengthening responsibility for an Adult Education Service. This is to support Council priorities and the "City for All" ambition of reducing long term unemployment.
  - Local issues to feed into the National Area Review, which commences in Central London region this month.
- 6.3 To assist it in its consideration of the issues the committee heard from Tamara Williams, a current service user, and Barbara Holm, Service Head and Principal of WAES.
- 6.4 The Committee explored WAES's local contribution and offer to residents and employers. Miss Williams addressed the committee on what influenced her to become a user of the adult education service and her experiences of it. She stated that she began using the service at 17 taking a Business and Administration Level 2 programme while on an apprenticeship at the London School of Economics (LSE). She chose to use the service to develop her skills due to the positive feedback from family members that had previously used it. Up to this period she had been home-schooled so the service presented a significant change in learning for her. She stated that using WAES provided her with the confidence to develop her skills as the centre felt welcoming, like a family. She felt comfortable in the learning environment and was able to speak to her tutor about any issues. The support enabled her to improve her maths which encouraged her to apply to undertake a Level 3 programme. Mrs Holm informed the committee that Miss Williams had progressed from an apprenticeship to being employed by the LSE.
- 6.5 Miss Williams was asked whether she accessed the service to help build her confidence or to learn a skill. She stated that both were an objective. As her skills improved she was able to try other courses and develop other interests. Miss Holm explained that some women will initially access the service to help their children with their learning at school but will later return to embark on a vocational programme.

- 6.6 Officers were asked about the variance of non-Westminster to Westminster learners. The Committee noted that approximately 60% of learners using the service were non-Westminster residents. Mrs Holm explained that the service was funded by the Skills Funding Agency on the basis of strict criteria about the use of the funds and the way in which providers such as WAES operates. It means that the service cannot turn away non-Westminster residents. However, WAES does wish to work more closely with the Council and embed links to better support the “City for All” programme and in particular the Council’s ambition to reduce long-term unemployment. Through closer collaboration more Westminster residents can be referred to the service to develop skills for the London labour market.
- 6.7 The Committee also enquired about the breakdown of service user by course type. It noticed that there had been a reduction in the number of learners accessing vocational courses in the previous year and enquired about the cause of this. Mrs Holm explained that there were a number of reasons for this. One explanation was that the syllabus for vocational courses had been developed and now involved more substantial hours with English and maths being much more embedded. As a consequence of courses being much larger and longer in length WAES was not unable to offer as many places. There had also been a significant reduction for adult learning nationally and to the service, and the reduction in learner numbers reflects that. Jewellery making had been dropped from the curriculum in response to a reduced interest that reflected market trends.
- 6.8 The Committee then explored the strategic review findings and proposed way forward. This included an objective of strengthening responsibility for an Adult Education Service to support Council priorities and the “City for All” ambition of reducing long term unemployment.
- 6.9 Officers were asked whether the target to reduce by a third, within 3 years, the 10,000 residents who are long-term unemployed as realistic given the significant challenges people in this group face. Members also asked how the number of long-term unemployed residents in Westminster compared to other London boroughs and England as a whole. Tom Harding, Manager of Employment and Skills, referred the committee to Annex 1 of the report which set out the challenges of this group. He explained that only 1 in 10 residents on an Employment Support Allowance go into long-term employment through the Government’s Work Programme. Westminster has a higher percentage of long-term unemployed residents than the London average. They are also older than the London and English average. Few are under 35 years. The challenges were compounded by the fact that there is greater competition for jobs in Westminster than in other parts of London. He stated that the Council can improve outcomes and reduce overall costs to the state by developing sustainable models to support the borough’s most vulnerable residents in tackling complex, deep-seated barriers to employment. This will require working in much closer alignment with partners including WAES. He stated that the targets were ambitious and challenging. Members suggested that the Council should seek to influence partners such as Work Programme providers to develop skills.



- 6.10 The committee asked whether the age profile of WAES learners matched the cohort that is long-term unemployed. Miss Holm advised that much of the work that the majority of users of the service matched the age range of this group.
- 6.11 Officers were asked for an explanation of what closer collaboration between WAES and the Council would look like and what specific activities would be undertaken which are not presently. The Director of Economy and Infrastructure suggested that partners could tailor programmes for long-term unemployed residents so that they are more intensive and specific to address their needs. He considered that a qualitative approach may be more productive than simply focusing on meeting a high target number.
- 6.12 Members commented that some local businesses have reported that people applying for jobs often don't have the necessary skills required for the workplace. The Committee asked Miss Holm what links WAES has with local businesses to understand the skills employers require and are not being met. She stated that this is an area that WAES is improving upon. It was discussing with the Council opportunities to link into existing networks as it was not an area that it had been strong in pursuing. WAES wanted to assist learners taking English and maths with links into employment. Members asserted that there was an advantage for Westminster businesses such as offices and shops in employing local people.
- 6.13 The Committee then considered and asked questions about the future operating model of the service and its relationship with the City Council. It also considered issues for WAES arising from the London wide review of adult and community learning to be run in parallel with the London area review of post-16 education and training.
- 6.14 Mr Harding stated that WAES is more than double the size of any other local authority adult education service in London and that whilst learners from outside Westminster benefit, the scale of the Service enhances its local offer and future financial viability.
- 6.15 Members asked officers whether they had any concerns with the option of WAES developing a shared service model with other adult education services at a central London or Tri-Borough level. Members questioned whether it would be harder for the Council to properly scrutinise a service that was not specifically a Westminster service. Mr Ward considered that this could be the case given that there would also need to be input from other local authorities.
- 6.16 The Committee noted that a further operating model would be for WAES to collaborate or merge with a further education college. Officers considered that while the preferred option is for WAES to remain within the local authority structure there was merit in looking at opportunities to merge back office functions and sharing tutors with other education providers to streamline resources and reduce operating costs. Officers confirmed that the City Council would be liable for the redundancy costs of deleting posts within WAES.

## 6.17 **RESOLVED:**

1. The Committee was pleased to hear the positive testimony that WAES is a much appreciated and valued provider of adult education. It provides a positive contribution to Westminster's community with over 5000 Westminster learners per year.
2. The Committee welcomed the internal review of the service considering it appropriate that the Council challenges WAES's existing structure, offer and how it contributes to wider Council objectives. The committee welcomed the focus of looking at how the service can better support Council priorities and the "City for All" ambition of reducing long-term unemployment. The review is beneficial in helping to inform the future positioning of the service ahead of the London Area Review of post-16 education and training. However, while the review and its findings provide a high level assessment of WAES's future challenges and aims Members considered that there is insufficient detail at present to explain how the objective of assisting the long-term unemployed will be achieved. It is recommended to the Cabinet Member for Housing, Regeneration, Business & Economic Development that further work in this area is carried out as part of the commitment to establish a new Westminster Employment Service.
3. The Service's future financial viability including any liabilities arising from potential redundancies is a possible local issue for consideration in relation to the London Area Review. However, the committee did not consider that it had sufficient information at this time to take a view on this matter and has requested a written report on this to be submitted to a future meeting.

## 6.17 **ACTION:**

1. Include in the next year's work programme a report on the Council's plans for tackling long term unemployment and the revised draft strategy for WAES.

**(Action for: Anne Pollock, Scrutiny Officer & Greg Ward, Director of Economy and Infrastructure).**

## 7 **SUPPLY AND ALLOCATION OF SOCIAL HOUSING 2016/17**

- 7.1 The Committee received a report on the issues that will influence the allocation of social housing in 2016/17.
- 7.2 Greg Roberts, Head of Supporting People and Temporary Accommodation, informed the Committee that the social housing allocations for the first 9 months of 2015/16 show high levels of homeless re-housings reflecting the a demand from this group. Total social housing lettings are projected to increase in 2016/17 to 840 from 805, reflective of increased supply from registered providers and fewer regeneration area decant transfers. The committee asked for a breakdown of when affordable housing developments that are currently under construction or are due to commence building works

will be delivered in 2016/17 and 2017/18. Mr Roberts advised that the Council expected the supply of affordable rented accommodation in 2016/17 to meet the 66 RP first let nominations for affordable rent and 30 RP first let nominations for social rent. He undertook to provide the committee with a breakdown in which schemes these would be provided.

- 7.3 Mr Roberts was asked whether social housing tenants purchasing their properties under the Right to Buy provisions would impact on the supply projections. He considered that this would not have an affect this year and he was confident that the supply projections for the year would be delivered. However, he commented that there would be a range of factors that might affect supply in 2017/18.
- 7.4 Mr Roberts explained that the principal factor that is driving the high levels of homelessness continues to be the availability of private sector housing for households on benefits. Homeless acceptances during 2016/17 are forecast to continue at the same level of approximately 550 and the total requirement for TA will remain between 2300-2500 during the year. The committee asked whether there was any influence that the Council could bring to tackle the reluctance within the private rental sector (PRS) to let properties to people on benefits or to encourage further those landlords which the Council already had an existing relationship with. Mr Roberts explained that the difficulty of securing such accommodation was less around discrimination by landlords than the impact of the housing benefit caps. He explained that when the housing benefit regime was more generous and landlords could be paid high rents there was less difficulty in securing accommodation.
- 7.5 Mr Roberts was asked whether the Council had factored in or had detected any increase in rents being asked by landlords due to changes introduced to landlord's tax arrangements. He stated that it was currently too early to say what impact the changes would have. However, it was clear that there was a very wide gap between overall existing rent levels and the Local Housing Allowance. The changes to tax arrangements could provide a further dimension to affordability.
- 7.6 The implementation of the TA commissioning strategy had succeeded in ending the use of Bed and Breakfast accommodation for families over 6 weeks, reduced unit costs and increased supply and made best use of Council resources. However, the challenges of sourcing sufficient private sector accommodation suitable and affordable for households in housing need continue. Members asked for details of the cost of the nightly booked sector. Mr Roberts advised that the gross cost of leasing TA properties in the last year was £42 million. Most of the cost related to private rented properties. While the majority of this cost was reimbursed to the Council there was a net cost to the Council of £4 million. The cost of the nightly booked accommodation was £10 million for approximately 430 properties.
- 7.7 Members asked whether the Council still retained a responsibility for families in temporary accommodation that it had housed outside of the borough. Mr Roberts explained that the Council retained its housing obligation for such

residents. This would continue until it had discharged its duty and this could be on-going for 10 years and above in some cases.

7.8 Mr Roberts outlined the new policy initiatives and amendments to the housing allocations scheme. This included the recommendation to build on the success of a scheme to offer additional points to working households living in temporary accommodation. The new proposal involved introducing a target quota of 10 lettings for working households with total gross income of £20,000 or less who would not otherwise have priority for social housing under the Housing Allocation Scheme. The committee asked for details of the criteria that will be used to determine which households will benefit from the quota of 10 lettings. Mr Roberts explained that eligibility and priority would be based on the length of time the individual or household had resided in Westminster and the amount of time they had been in work. The allocations would be managed through Home Ownership Westminster. Members also asked whether the change in policy would disadvantage anyone who is on the social housing waiting list. He advised that the allocations would be to studio and one bed properties, reflecting the high level of supply of these size units. Therefore, the impact would be minimal.

7.9 The committee was also informed of the steps taken to procure the necessary amount of housing to meet its statutory duty to support vulnerable households in housing need.

7.10 **RESOLVED:** That the report be noted.

7.11 **ACTION:**

1. Provide the committee with a breakdown of which affordable housing developments will be delivered in 2016/17 and 2017/18 and in which schemes supply projections would be provided.

**(Action for: Greg Roberts, Head of Supporting People and Temporary Accommodation)**

The Meeting ended at 9.17 pm

**CHAIRMAN:** \_\_\_\_\_

**DATE** \_\_\_\_\_



ROUND ONE - 10 JUNE 2015		
Main Theme – Housing, Regeneration, Business and Economic Development		
Agenda Item	Reasons & objective for item	Represented by:
<b>Cabinet Member Q&amp;A Housing, Regeneration, Business and Economic Development</b>	A Q&A session with the Cabinet Member for Housing, Regeneration, Business and Economic Development	<ul style="list-style-type: none"> <li>• Cllr Astaire</li> </ul>
<b>Housing Strategy</b>	An opportunity to scrutinise the new Housing Strategy and consider the responses to the consultation exercise. This will also include information on the supply and allocation of social housing.	<ul style="list-style-type: none"> <li>• Andrew Barry-Purcell</li> <li>• Cecily Herdman</li> </ul>
<b>Review of Housing Management Options</b>	The council recently carried out a review of its housing management options. This is an opportunity for the Committee to discuss the findings of the Altair review and see proposals for the implementation of the recommendations.	<ul style="list-style-type: none"> <li>• Jake Mathias</li> <li>• Sheila Sackey</li> </ul>

ROUND TWO - 16 September 2015		
Main Theme – Finance and Customer Services		
Agenda Item	Reasons & objective for item	Represented by:
<b>Cabinet Member Q&amp;A Finance &amp; Corporate Services</b>	A Q&A session with the Cabinet Member for Finance and Customer Services	<ul style="list-style-type: none"> <li>• Cllr Mitchell</li> </ul>
<b>Indicative Impact for Westminster and London of Government Manifesto Pledges in relation to Welfare Changes and Housing Reform</b>	To inform the Committee of the national developing picture and the indicative implications for Westminster	<ul style="list-style-type: none"> <li>• Ben Denton</li> </ul>
<b>Housing Strategy Consultation Responses and Analysis on Housing Targets</b>	To review the responses to the housing strategy consultation	<ul style="list-style-type: none"> <li>• Cecily Herdman</li> <li>• Andrew Barry-Purcell</li> </ul>

# Work Programme



Housing, Finance and Corporate Services Committee

## ROUND THREE - 18 November 2015

Main Theme – Housing, Regeneration, Business and Economic Development

Agenda Item	Reasons & objective for item	Represented by:
<b>Cabinet Member Q&amp;A Finance &amp; Corporate Services</b>	A Q&A session with the Cabinet Member for Finance and Customer Services	<ul style="list-style-type: none"> <li>• Cllr Mitchell</li> </ul>
<b>Property Investment Strategy</b>	To consider how the property investment strategy is contributing to the Council's financial and social returns.	<ul style="list-style-type: none"> <li>• Guy Slocombe</li> </ul>
<b>Registered Provider Performance and City West Homes resident satisfaction</b>	To scrutinise housing association performance and the methodology employed by CWH in carrying out customer satisfaction surveys.	<ul style="list-style-type: none"> <li>• Fergus Coleman</li> </ul>

## ROUND FOUR - 6 January 2016

Main Theme – Finance and Customer Services

Agenda Item	Reasons & objective for item	Represented by:
<b>Cabinet Member Q&amp;A Housing, Regeneration, Business and Economic Development</b>	A Q&A session with the Cabinet Member for Housing, Regeneration, Business and Economic Development	<ul style="list-style-type: none"> <li>• Cllr Astaire</li> </ul>
<b>Draft Treasury Management Strategy 2016/17</b>	To assess the draft treasury management strategy prior to submission to Council for approval.	<ul style="list-style-type: none"> <li>• Steve Mair</li> </ul>
<b>Treasury Performance Half Year Statutory Review</b>	To review treasury performance.	<ul style="list-style-type: none"> <li>• Steve Mair</li> </ul>
<b>Housing Policy Developments: 1% Social Rent Reduction and Pay-to-Stay</b>	To consider the government's current proposals on the 1% social rent reduction and the introduction of a mandatory Pay-to-Stay scheme, considering the potential impact of these proposals for Westminster and set out the Council's response so far.	<ul style="list-style-type: none"> <li>• Barbara Brownlee/Andrew Barry-Purssell/Dick Johnson</li> </ul>

# Work Programme



Housing, Finance and Corporate Services Committee

ROUND FIVE - 9 March 2016		
Main Theme – Housing, Regeneration, Business and Economic Development		
Agenda Item	Reasons & objective for item	Represented by:
<b>Cabinet Member Q&amp;A Finance &amp; Corporate Services</b>	A Q&A session with the Cabinet Member for Finance and Customer Services	<ul style="list-style-type: none"> <li>• Cllr Mitchell</li> </ul>
<b>Westminster Adult Education Service – Strategic Review</b>	Analysing the review, including within the wider context of the employment service.	<ul style="list-style-type: none"> <li>• Greg Ward/Tom Harding</li> </ul>
<b>Supply and Allocation of Social Housing</b>	To scrutinise the supply and allocation of social housing (the issue of local connection in terms of how housing is allocated to homeless households according to the Housing Act and the length of connections will also be covered).	<ul style="list-style-type: none"> <li>• Greg Roberts</li> </ul>

ROUND SIX - 13 April 2016		
Main Theme – Finance and Customer Services		
Agenda Item	Reasons & objective for item	Represented by:
<b>Cabinet Member Q&amp;A for Housing, Regeneration, Business &amp; Economic Development</b>	A Q&A session with the Cabinet Member for Housing, Regeneration, Business and Economic Development	<ul style="list-style-type: none"> <li>• Cllr Astaire</li> </ul>
<b>Housing &amp; Planning Bill Implications in Westminster – Affordable Housing Supply</b>	To examine national policy changes being made through legislation currently before Parliament (mainly those in the Housing and Planning Bill) relating to affordable housing supply and regulation of the private rented sector.	<ul style="list-style-type: none"> <li>• Cecily Herdman</li> </ul>
<b>TFM</b>	To analyse the Total Facilities Management contract with Amey.	<ul style="list-style-type: none"> <li>• Debbie Morris</li> </ul>

# Work Programme

Housing, Finance and Corporate Services Committee

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## Other Committee Events & Task Groups

Briefings	Reason	Date
Budget T/G	Standing task Group to consider the budget of Council	Jan/ Feb 2016
Housing T/G	Taskgroup examining changes to Housing and Welfare Reform	On-going



### ROUND TWO (16 SEPTEMBER 15)

Agenda Item	Action and responsible officer	Update
<b>Item 7 – Westminster Housing Strategy Consultation Responses &amp; Analysis on Housing Targets</b>	<p>Make explicit in the Direction of Travel Statement that the Council will still accept comments on the Draft Housing Strategy.</p> <p>That officers write to those sectors that were underrepresented in the responses when consulting on a revised draft of the Housing Strategy. <b>(Actions for: Andrew Barry-Purssell/Cecily Herdman)</b></p>	<p>The direction of travel document will invite comments on what it says, not what's in the draft housing strategy.</p> <p>The Direction of Travel Statement, which invites ongoing comments, was sent to businesses representatives such as,</p> <ul style="list-style-type: none"> <li>• London First</li> <li>• Westminster Business Councils</li> <li>• London Chamber of Commerce</li> <li>• London Federation of British Industry</li> </ul>

### ROUND THREE (17 NOVEMBER 15)

Agenda Item	Action and responsible officer	Update
<b>Item 3 – Minutes</b>	Re-circulate information requested at the last meeting on the proactive resettlement approaches of other London local authorities <b>(Action for: Anne Pollock, Scrutiny Officer)</b>	Action to follow.
<b>Item 5 – Update from Cabinet Members</b>	Provide the committee with details of the alternative accommodation offered to temporary accommodation residents vacated from Tollgate Gardens once all relocations are complete. <b>(Action for: Barbara Brownlee, Director of Housing &amp; Regeneration)</b>	An update has been sent to committee with a full report expected when all the re-locations are complete around March 2016.

# Action Tracker



## Housing, Finance and Corporate Services Committee

### ROUND FOUR (06 JANUARY 16)

Agenda Item	Action and responsible officer	Update
<b>Item 5 – Update from Cabinet Members</b>	Submit a paper to a future committee meeting on alternative options for maximising the council’s rate of return on its investments. <b>(Action for: Steve Mair, City Treasurer)</b>	Workplan 2016/17 is currently being decided.

### ROUND FIVE (09 MARCH 16)

Agenda Item	Action and responsible officer	Update
<b>Item 5 – Update from Cabinet Members</b>	Clarify whether the review of the Corporate Property portfolio includes any CityWest Homes properties that fall within the HRA. <b>(Guy Slocombe, Director of Property, Investment and Estates)</b>  Clarify how many of the 103 apprenticeship opportunities which have been created since April 2015 have gone to Westminster residents. <b>(Greg Ward, Director of Economy and Infrastructure)</b>	Information circulated to Committee 22 <sup>nd</sup> March 2016.  Information circulated to Committee 22 <sup>nd</sup> March 2016.
<b>Item 6 – WAES – Strategic Review Findings and Proposed Way Forward</b>	Include in the next year’s work programme a report on the Council’s plans for tackling long term unemployment and the revised draft strategy for WAES. <b>(Anne Pollock, Scrutiny Officer &amp; Greg Ward, Director of Economy and Infrastructure).</b>	The workplan 2016/17 is being confirmed.
<b>Item 7 – Supply and Allocation of Social Housing 2016/17</b>	Provide the committee with a breakdown of which affordable housing developments will be delivered in 2016/17 and 2017/18 and in which schemes supply projections would be provided. <b>(Greg Roberts, Head of</b>	

# Action Tracker



Housing, Finance and Corporate Services Committee

**Supporting People and  
Temporary Accommodation)**

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City of Westminster

## Housing, Finance and Corporate Service Policy and Scrutiny Committee Briefing

**Date:** 13<sup>th</sup> April 2016

**Author:** Cllr Daniel Astaire

**Portfolio:** Cabinet Member for Housing, Regeneration,  
Business and Economic Development

**Please contact:** Jeremy Day x 5772  
[jday@westminster.gov.uk](mailto:jday@westminster.gov.uk)

Please find below an update on key areas of activity from the Housing, Regeneration, Business and Economic Development portfolio since the committee last met.

### Housing

#### 1. Delivering Housing Renewal: Church Street

**Tresham Crescent:** Both nursery operators are now in occupation. The temporary use of the upper floors by the church relocated from Dudley House has commenced, with little adverse comment. A launch event will be organised with Communications officers to mark the completion of this project.

**Lisson Arches:** The main contract works are now scheduled to commence in October 2016 allowing for the enabling package to be completed which has increased in scope.

**Luton Street:** Detailed design discussions have continued with the working group. These are substantially complete and London Newcastle/Bouygues are seeking to submit a planning application within 6 weeks with a view to start on site in September 2016.

**Venables Street:** Conways have been instructed to carry out the enabling works and manage the construction of the market traders' storage units. The storage units are being manufactured, delivered and installed by a separate company. This work will be complete by September 2016.

**Orchardson Street:** Handover of the completed properties was achieved in March and the homes will be available for residents to view and comment on throughout the month of April. It is anticipated that the homes will be let in May 2016. A launch event will be organised with Communications officers to mark the completion of this project, reflecting the role of residents in the design process.

**Penn and Lilestone:** A workshop involving Council departments and primary health care providers was held on 11th March. This agreed the concept for the Lilestone Street project. Further work is being undertaken to develop a feasibility report that will set the size of the building, an essential first step in understanding the services that can be relocated to the site.

**District Energy Scheme:** A revised business case is being prepared that updates the location of the plant, looks at dependencies with other aspects of the Church Street for All programme and demonstrates commercial viability along with quantifiable benefits to the Council and to our residents.

## **2. Church Street: Regeneration:**

The continued transformation of Church Street has now been branded “Church Street for All”. Planning application process is in motion for 99 Church Street, with building work to commence in early April and last approximately 11 weeks. We envisage office space for 8 officers, starting with the Community Engagement team with opportunities and invitations to partners to work on site with us.

We have continued to move forward with regeneration:

- Employment coaches are now in post
- Business engagement coordinator planned to be in post by May 2016
- Neighbourhood upkeep procurement – bids have been evaluated and contracts to be awarded end of April
- The procurement of a master planner for the programme started in February 2016
- It has been recognised that circumstances have changed in many respects since the vote in 2013 and projects planned then may need to evolve. A process that documents the changes and seeks agreement to revised proposals has been set out with FSG.
- Recruitment of a new chair for Future Steering Group is on-going
- Pocket Living are developing a proposal to act as development manager for Ashbridge Street
- A revised business case is in hand for Cosway Street, looking at options for the site and seeking to optimise the return on the site. This should be completed by the end of May 2016.

## **3. Housing Zone:**

Following detailed discussions with the GLA and including their agreement to a significantly reduced degree of scrutiny and control the Overarching Borough Agreement has been accepted. There is a dialogue with them about whether the funding is treated wholly or partly as grant rather than a loan. The specific agreements for Lisson Arches and other projects can now be reviewed and agreed.

## **4. Ebury Bridge:**

Members of the project team met ward councillors and residents on 27th February to discuss the outcomes of the soft market testing and implications for the programme. The phasing programme for the estate is being revisited in the light of feedback we have received. The two preferred options aim to complete the works in 2022, this will be discussed with ward councillors and residents at a second public meeting on 11th May. A commitment has been made to regular meetings and newsletters to ensure residents are kept informed and feel involved.

## **5. Affordable Housing**

Since 1 April 2015, 176 new build affordable homes have been completed in Westminster and made available for occupancy. These new homes delivered include 75 social housing units and 101 intermediate homes.

The most significant of these schemes is at the former Middlesex Hospital site which has delivered 40 social housing units and 14 shared ownership homes, and Trenchard House which delivered 65 sub-market rent homes right in the heart of Soho. In addition to these new build homes a further 33 spot purchases have been secured for affordable housing use.

Schemes that have recently secured planning consents that will deliver on site affordable housing include:

- Dudley House W2 -197 affordable units,
- 221-235 Lanark Road -44 affordable homes
- 32 Buckingham Palace Road SW1 (Grosvenor Estates) -23 affordable units,
- 32 34 Great Peter Street SW1 (Qatari Diar ) -6 affordable units,
- 206 -216 Marylebone Road NW1 (Marylebone Properties Ltd) -16 affordable homes,
- 10 Broadway sic New Scotland Yard (Northacre) -10 affordable homes,
- 21-23 Farm Street W1 -14 affordable units,
- First Chicago House, 90 Long Acre, London WC2 -10 affordable housing units.

Those planning applications pending that will deliver affordable new homes include:

- West End Green NW8 (Berkeley Homes) 126 affordable homes,
- Dora House, St. John Wood Road NW8 (Central and Cecil) – 156 modern sheltered affordable homes (heard by planning committee on 8<sup>th</sup> March and deferred).

## **6. Housing & Planning Bill update**

The Housing and Planning Bill went to its Report Stage in the House of Lords on the 11<sup>th</sup> April. Much of the detail about how the various policies will operate will be set out in regulations, which have yet to be published. We are continuing to work to influence and shape the Bill as it passes through Parliament and monitoring the debate so we can better understand the likely impacts on Westminster. Once more details are available, further work will be done to identify impacts and prepare for implementation.

## **7. CityWest Homes**

Recruitment for the new Resident Engagement structure closed on 1<sup>st</sup> April. Recruitment of the chairman remains on target to complete by the end of April with interest from strong candidates. Martin Edgerton has now taken up the post of Director of Customer Services and will bring a strong customer and commercial focus to operational service provision.

Annual satisfaction measurement is about to commence with the housing management survey due to be despatched to all residents week commencing 11th April. A short survey is also due to be sent to members of the Council to gauge their views on CWH. This will be accompanied by a copy of CWH strategy to 2020.

CWH continues to support the Council's regeneration and development programme, with the Development & Construction Team working on 13 development projects comprising over 1,300 new homes, a secondary school, a library, a nursery and enterprise business space.

Key achievements over the last quarter include planning permission for the redevelopment of Dudley House comprising 197 new homes and an 840 pupil secondary school; the handover of 111 Oliphant Street being the conversion of a vacant community space in to a 3 bedroom home for social rent; and entering in to an Agreement for Lease with Almacantar for 47 affordable homes at 466-490 Edgware Road.

## **8. Rough Sleepers' accommodation services**

Highlights in Quarter three 2015/16 includes:

- 97 people were housed with an increase in people being accommodated straight from prison gates and hospital discharges, thereby reducing costly interventions on the streets.
- Accommodation services have done a lot of work reducing ambulance call outs which has resulted in a 30% reduction in call outs to hostels.
- 97% of residents are registered and engaged with a GP within 4 weeks of moving in.
- 32 people moved into their own tenancies across London.
- 60% of residents are actively engaging with substance misuse treatment services; with 53% of those who access residential rehab completing their treatment successfully and being resettled into their own homes.

## **Economic Development and Growth**

### **9. Markets**

The council is engaging with the local community with regards to the procurement of a market operator for Berwick Street. This engagement includes drop-in sessions for market traders and letters to local residents and businesses encouraging them to provide information about their aspirations for the market. The contract notice is to be issued and circulated to potential bidders by the end of April.

### **10. Business Improvement Districts (BIDs)**

A successful Marble Arch BID ballot outcome was announced on 26th February. The results were 77.9% in favour (60 of the 77 businesses voting), 60.16% turnout (77 voters of the 128 balloted). Those voting in favour represented 88.1% by rateable value. A BID for the Marble Arch area will be established from 1st April 2016 covering the northern stretch of Park Lane, Marble Arch, Connaught Village, Seymour Place, and Edgware Road , including, the Marylebone Flyover.

Last month Westminster BIDs met with Cabinet Members and officers for one of our quarterly BIDs roundtable meetings where Business Rates and the introduction of the Westminster Business Unit were discussed.



## **11. Employment & Skills**

As announced in the Leaders speech for City For All year 2, the Employment and Skills team will be launching a new employment service that will support long term unemployed residents and those at risk of long-term unemployment.

In collaboration with a cross-section of officers from Housing, Public Health, Adults, Children, PPC and external partners including City West Homes and WAES, the service will enable residents to receive a tailored employment support offer covering pre-employment support, skills development and work related opportunity placements e.g. jobs and work experience opportunities. As a part of this work a successful bid to Job Centre Plus' Community Flexible Support Fund has secured £150,000 that will support the delivery of the new service. Following approval of the business plan in July 2016, a pilot of the new service will be delivered in September 2016.

The total number of residents supported into paid employment opportunities with the support of council commissioned projects or services up to the end of Quarter three 2015/16 is 524. Year-end projections indicate that the programme will end the year on track with approximately 750 - 800 people going into paid employment.

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# Housing, Finance & Corporate Services Policy and Scrutiny Committee Briefing

**Date:** 13<sup>th</sup> April 2015

**Author:** Cllr Tim Mitchell

**Portfolio:** Cabinet Member for Finance & Corporate Services

**Please contact:** Jeremy Day x5772  
[iday@westminster.gov.uk](mailto:iday@westminster.gov.uk)

## 1. Finance

### Final Accounts 2015/16

At the time of writing work continues across the whole of the accounts as officers close down and bring together the revenue and capital outturn and the financial statements. This is the main focus of the financial service at this time of the year.

### Budget

The Chancellor's Budget Statement on the 16th March identified that:

The Government has committed to a departmental efficiency review to support delivery of £3.5bn savings in public spending in 2019/20 (alongside maintaining the planned savings announced in the Autumn Statement). This is likely to result in additional reductions in public spending by unprotected departments, including local government.

The Government will increase the share of London's business rates retained by the GLA and transfer responsibility for funding TfL's capital projects. This will give the Mayor of London control over almost £1 billion more of locally raised taxes. The government will also explore with London options for moving to 100% business rates retention ahead of the full roll-out of the business rates reforms.

We welcome the announcement to bring forward 100% business rates retention in London however the London boroughs should play a major role in the new scheme in line with the Chancellor's original ambition set out in the Autumn Statement. Should this be implemented in London, there is also no indication of what additional burdens or reductions in other grants will be allocated to the GLA to keep this change fiscally viable.

From April 2020 business rates will be indexed to be consistent with Compulsory Price Index (CPI), not Retail Price Index (RPI) as currently. As RPI records higher inflation than the CPI, this will significantly reduce our projections on the business rate we expect to receive. Business rates re-evaluations will occur every 3 years. This is also likely to make the considerable issue Westminster already has with appeals more complex.

### ***Infrastructure and Capital Investment***

The Government confirmed that it would bring forward £1.5bn in capital investment in schools, housing and transport, including funding for Highways Maintenance Challenge Fund and Pothole Action Fund. An assessment will also be produced of how the UK can become a leader in 5G mobile network deployment.

### ***Education***

All schools will become academies by 2020, or have an academy order in place to convert by 2022. As noted last week allocating school funding will be reformed to introduce the National Funding Formula for schools by 2017/18. At present, it is uncertain how this will impact Westminster schools.

### ***Housing***

The Government announced the introduction of the Starter Homes Land Fund Prospectus for local authorities to access £1.2bn of funding to enable brownfield land to be used for housing, with the aim of delivering 30,000 starter homes (this applies outside London but the Government is working with the GLA to develop a complementary programme). £250m of capital spending will also be brought forward from the end of Parliament to 2017/18 and 2018/19 to deliver 13,000 affordable homes two years early. The Government is proceeding with the proposals to increase the rates of Stamp Duty Land Tax for purchases of additional residential properties, which will affect acquisitions by the Council.

### ***Homelessness***

The Government announced £100m to deliver low-cost 'second stage' accommodation for rough sleepers leaving hostel accommodation and victims of domestic violence and their families moving on from refuges. There will also be £10m available over 2 years in innovative projects to prevent and reduce rough sleeping and the funding for the Rough Sleeping Social Impact Bond will be doubled from £5m to £10m.

### ***Employment and Apprenticeships***

Later this year, the Government will publish a White Paper focusing on the roles that the health, care and welfare sectors can play in supporting disabled people and those with health conditions to get into and stay in work. Further to the introduced apprenticeship levy (to operate from April 2017), employers will receive a 10% top-up on their levy contributions which will be available to them to spend on apprenticeship training.

### ***Health***

The Government confirmed the introduction of a soft drinks levy for manufacturers and importers of soft drinks that contain added sugar. The soft drinks levy is

expected to raise £520m in the first year of operation (2018/19) which will be used to support improved physical education and breakfast club provision in primary and secondary schools.

### ***Further announcements for Local Government***

The Government will consult on new rules requiring local authorities to be transparent about the cost of the in-house services they provide, and whether there could be savings made from using competitive external providers. From April 2017, where the public sector engages an off-payroll worker through their own limited company, the public authority will become responsible for determining which tax rules should apply, and will be liable for the payment of the correct tax. The review of the discount rate used to set employer contributions to the public service pension schemes has resulted in a reduction in the discount rate which will increase the contributions employers pay to the scheme from 2019-20 onward.

## **2. Corporate Property**

Corporate Property will embark on an investment programme from April 2016 using the funds allocated in our budget for strategic commercial property acquisitions. This is intended to provide secure, long term income streams for the Council to support provision of front line services. It will also help diversification and rationalisation of the existing investment portfolio. Governance will be managed through the Property Investment Board, the Capital Review Group and the Cabinet Member for Finance & Corporate Services. A strategy for stock selection has been presented to the Executive Management Team following discussion by Cabinet Members and the Property Investment Board.

The property consultants BNP Paribas Real Estate will be holding a workshop in April with senior officers across all services in order to provide insight of service need to inform the revised Operational Property Strategy. Presently BNPRE are analysing the occupancy and use of each property that the Council occupies to deliver its services, with a target of substantially reducing the Council's property footprint to reduce running costs and to allocate surplus property for re-use or development. The study and strategy will be a two phase process. The first phase report is due at the end of April and the occupational strategy is due at the end of July.

Special Projects have provided briefings to me and Planning officers on major development projects including redevelopment of Seymour Place Leisure Centre, Huguenot House and Queen Mother Leisure Centre.

## **3. Corporate Services**

### **IT**

The Council has been assessing options around the renewal and implementation of a new network and telephone solution for WCC and the procurement route for this is due to be finalised in April.

An IT Project Manager has been appointed for the City Hall refurbishment project and is working closely with datacentre and network providers to ensure project timescales are met.

### **The Office 365**

Following a platform soft launch in mid-March we are continuing to migrate email accounts from legacy CapGemini datacentre to the new Microsoft cloud service. New corporate Intranets will be launched later in April. Further developments including Skype for Business will follow shortly.

Migration of other legacy CapGemini datacentre services to the new BT Lot 3 contract (Shared Infrastructure Platform) is on-going ahead of completion end June 2017.

### **Staff consultation**

Phase 1 of the ICT staff consultation took place last year which led to the establishment of the Triborough ICT services. The next step is Phase 2 which will bring staff from the shared services into one coherent team; this is progressing towards formal consultation stage.

## **HUMAN RESOURCES**

### **The Westminster Way Staff Awards**

The Westminster Way Awards ceremony will take place on 13th April at Porchester Hall. This will be a black tie event with dinner and entertainment for approximately 300 people. The ceremony will recognise and celebrate all of the good work that takes place at Westminster City Council. Six sponsors are meeting the majority of the cost.

### **People Services – new structure**

The HR restructure is well underway. The process for existing staff has concluded with all but five new posts in the new structure being filled from existing team members. The remaining posts have been advertised and a selection process is currently underway. The new structure has been live since 1st April.

### **London Healthy Workplace Charter**

The London Healthy Workplace Charter provides a framework for action to help employers build good practice in health and work in their organisation. The framework reflects best practice and is endorsed nationally by Public Health England.

The Healthy Workplace Charter is the first pan-London framework that supports and recognises investment in staff health and wellbeing, partnering local public health resource with employers. The Mayor of London's Office has awarded Westminster City Council a London Healthy Workplace Charter award at commitment level having successfully satisfied the criteria. We are one of over sixty organisations that have met the standards to date. All of our hard work is helping to improve the health of Londoners and showcase the Charter as a valuable framework for other employers to invest in staff health and wellbeing.

By using the charter we can benefit from:

- The ability to audit and benchmark against an established and independent set of standards -identifying what WCC already has in place and what gaps there may be in the health, safety and wellbeing of employees
- Developing strategies and plans – the charter provides a clear structure that we can use to develop health, safety and wellbeing strategies and plans
- Recognition - the award helps to strengthen our employer brand and reputation
- We can use the attached logo below to help us stand out as employers and representatives will be invited to an exclusive evening awards ceremony at City Hall on Tuesday 15 November 2016.

In the City for All year 2 commitments the Council has undertook to achieve level two of the London Healthy Workplace Charter by March 2017.

### **Leadership Academy**

Plans for the roll out of the Westminster Academy to band 3 colleagues and below are well underway. Space to run the planned new 2 day programme has been allocated in City Hall on the 3rd floor and will commence in early May. The officers are currently working with line managers to prioritise delegates to attend the programme over the coming months.

TDP will continue to deliver the programme on our behalf with a view to build our in house capacity and capability once the new team within People Services is fully established. The new programme for band 3 colleagues and below will mirror the content and style of the academy programme so far and will be called “ Working the Westminster Way” to reflect our values and the role everyone has to play to deliver our services and vision City for All.

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## Housing, Finance and Corporate Service Policy & Scrutiny Committee

<b>Date:</b>	13 <sup>TH</sup> April 2016
<b>Classification:</b>	Public
<b>Title:</b>	The Housing and Planning Bill – affordable housing supply and private rented sector
<b>Report of:</b>	Barbara Brownlee – Director of Housing and Regeneration Annette Acik – Head of Residential Services Barry Smith – Head of City Policy and Strategy
<b>Wards Involved:</b>	All
<b>Policy Context:</b>	Housing, growth and prosperity, City for All
<b>Financial Summary:</b>	There are no direct financial implications of this report, although a number of the national policy proposals it covers will have substantial financial implications for the Council. These are dealt with in detail in the body of the report.

### 1. Introduction

- 1.1 This report deals with national policy changes being made through legislation currently before Parliament (mainly those in the Housing and Planning Bill) relating to affordable housing supply and regulation of the private rented sector. It discusses their potential impact and the Council's lobbying objectives. Increasing home ownership and house building are key themes of current national policy.
- 1.2 The Bill was introduced in the House of Commons in October 2015 and is expected to receive Royal Assent in summer 2016. It is currently at report stage in the House of Lords. The Bill is largely a framework, providing ministers with powers to fill in most of the detail about how the policies will be implemented by regulation. Some further information has been given by ministers during debates on the Bill and in some areas consultation documents have been issued saying more about the approach the Government intends to take. In many important areas, however, detail is still lacking.

1.3 Members of the Committee are asked to:

- Note the proposals as they currently stand
- Scrutinise the Council's response to date
- Provide a view on the Council's response to the recent Starter Homes Technical Consultation
- Provide guidance on any further lobbying activity.

## **2. Overview of the Council's response**

2.1 The main provisions of the Bill affecting supply of affordable housing and regulation of the private rented sector are those dealing with:

- Starter homes
- Extension of the Right to Buy (RTB) to housing association tenants
- Required sale of high value council housing to fund housing association right to buy discounts
- Provisions to improve enforcement action against "rogue landlords" in the private rented sector.

2.2 The Council supports the Government's focus on home ownership and increasing supply, but has concerns about the cumulative impact of the changes and the possibility of unintended consequences - which could reduce traditional affordable housing supply, at a time when demand is very high (and may well increase given changes being made to the benefits system through the Welfare Reform and Work Bill).

2.3 A further factor that could affect supply is the 1% annual reduction in social housing rents considered at the last meeting of the Policy and Scrutiny Committee which will reduce the amounts available to fund new provision in the Housing Revenue Account (HRA). Any reduction in social supply directly impacts on temporary accommodation numbers and costs given that c60% of lets are to homeless households.

2.4 The Council has welcomed the strengthening of enforcement powers to deal with rogue landlords and property agents in the private rented sector.

2.5 The Council's has extensively communicated its position and asks:

- Participation in the London Councils Task and Finish Group on the Bill and other housing legislation/policy changes (on-going) - to assess impact of the changes and to make the case for London
- Participation in a Central London Forward Group covering the various changes and their impact on supply (on-going) – to consider impacts on central London boroughs
- Statement to the Housing Minister from the leaders of Westminster, Kensington and Chelsea and Wandsworth councils (June 2015) – proposing alternative ways of funding the housing association Right to Buy (RTB) and highlighting the impact on homelessness numbers and costs that it – and the associated forced sale policy – may have
- One to one meeting with DCLG officers and follow up note (September 2015) – focus on homelessness
- Letter to the Housing Minister from the leaders of Westminster, Kensington and Chelsea and Wandsworth councils (September 2015) – focus on homelessness
- Bill Briefing to Mark Field MP (October 2015) – setting out a range of asks
- Evidence given by the Leader at Bill Committee (November 2015) – focus on impact on supply. Follow up written evidence
- Publication of a Housing Strategy: Direction of Travel Statement (December 2015) – setting out ideas to increase supply in Westminster and across London
- Joint note from the leaders of Westminster, Wandsworth and Kensington and Chelsea to selected peers – setting out asks (January 2016). Sent to additional peers showing interest in the Housing and Planning Bill (February 2016)
- Consultation response to changes to the National Planning Policy Framework (NPPF) (February 2016) – setting out that the Council needs to retain the ability to respond to a variety of housing needs.

### 3. Affordable Housing Supply

#### 3.1 Starter Homes

Government aims for 200,000 Starter Homes to be delivered by 2020. A Starter Home is defined in the Bill as a new dwelling to be made available for sale to first time buyers, under the age of 40 and sold at a 20% discount of the market value. There will be a price cap in Greater London of £450k.

3.2 There will a general duty on local authorities to promote Starter Homes through their planning functions (in determining planning applications and in drawing up their local plan). There is a power for ministers to set a “starter home requirement” so a proportion of them will be required on certain development sites if planning permission is to be granted. The Secretary of State will have powers to make further regulations on the monitoring of Starter Homes and on local authority compliance. There is provision in the Bill for commuted sums i.e. enabling Starter Homes to be delivered off site.

3.3 The discount is to be funded by the developer. Ministers have indicated that given this, Section 106 contributions for affordable housing and infrastructure should not be sought from Starter Homes and that they will be exempt from the Community Infrastructure Levy<sup>1</sup>. As proposed by the National Planning Policy Planning Framework (NPPF), consultation<sup>2</sup>, discounted market sale products such as Starter Homes will be a form of affordable housing (in addition to social and intermediate housing).

3.4 Government has proposed amendments; that the age restriction can be disapplied in some circumstances and that there may be circumstances where a Starter Home is being purchased jointly that not all of the purchasers need to meet the age requirement. A DCLG official has indicated that the Starter Homes requirement could be imposed on sites where Section 106 obligations have already been agreed.<sup>3</sup>

3.5 A number of amendments to the Bill have been proposed by Opposition Peers none of which have been pressed to a vote:

- The sale price should be affordable to households on median local incomes, defined by the local housing authority, with the discounts to remain in perpetuity (rather than 20% of market value for five years)

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<sup>1</sup> /www.gov.uk/government/uploads/system/uploads/attachment\_data/file/419212/150330\_-\_Starter\_Homes\_Design\_FINAL\_bc\_lh\_pdf.pdf

<sup>2</sup> The consultation closed on 22<sup>nd</sup> February 2016

<sup>3</sup> Indicated at “How to Maximise Affordable Housing Delivery: The Big Debate” (Presented by the National Planning Summit) 9<sup>th</sup> March 2016

- They should be offered to buyers who live or work in the areas in which they are built
- Removal of the local authority duty to promote Starter Homes, if this at the expense of providing other types of affordable housing
- Exemption for new supported housing, hostel and build to rent developments from the duty to promote Starter Homes.

3.6 A Starter Homes Technical Consultation was published on 23<sup>rd</sup> March and runs until 18<sup>th</sup> May<sup>4</sup>. A list of the consultation questions are in Appendix 1. The main issues which the consultation seeks views on are:

- Whether the proportion of the market value, an individual is able to realise on the sale of Starter Home, should increase gradually in line with the number of years they have lived at the property before it is completely lifted. Government does not support restrictions beyond 8 years
- The proposed Starter Homes requirement – that is should apply to sites of 10 units or more and that evidence suggests that 20% would be viable on an average development, but it also asks for views on 15% and 25%
- If exemptions to the requirement are supported where it can be demonstrated that Starter Homes would make a developed unviable and if there should be any other exemptions
- If the use of commuted sums are supported.

3.7 Officers are currently considering the Councils response to the consultation and looking specifically at the number of sites the requirement may apply to and how the requirement for different percentages of Starter Homes may affect the delivery of all forms of affordable housing.

### 3.8 *Implications for Westminster*

These are difficult to assess without further detail. It is not clear how they will work in high value areas, where the majority of properties are well above the £450k cap, and how the market would react to them. According to Rightmove, the average asking price of homes in Westminster in February 2016 was £2,015,540; at a 20% discount this would be £1,612,432 – 358% of the £450,000 maximum price cap. Given this, providing Starter Homes on any

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<sup>4</sup>Starter Homes Regulations: Technical Consultation March 2016  
[www.gov.uk/government/consultations/starter-homes-regulations-technical-consultation](http://www.gov.uk/government/consultations/starter-homes-regulations-technical-consultation)

scale is likely to involve very significant costs to developers which, taken with the viability issues that are already a major factor in Westminster, is likely to have major effects on future delivery of “conventional” affordable housing. In addition, Starter Homes are unlikely to be accessible to the majority of customers on the intermediate housing list – 70% of households needing a one bedroom property have incomes of £40k or less. However the purchase of a Starter Home can be combined with the London Help to Buy Scheme to make them more affordable. London Help to Buy, which is due to start in April 2016, offers a 40% equity loan to first time buyers and movers on certain new build properties<sup>5</sup>.

3.9 A DCLG official has indicated that there are eight boroughs in London where Starter Homes “may not work”. They also suggested some sites may be exempt from a Starter Homes requirement where they could prevent replacement affordable housing<sup>6</sup>. No further information is available.

3.10 Property consultants Savills have considered the likely effects of the starter home requirement. Their view is that it “is likely to result in fewer homes delivered for what is currently classified as an affordable tenure”. They also consider that Starter Homes may generate no more land value than that of “traditional” affordable housing, particularly in high value areas where to reach the price cap a higher “discount” would be required. In addition, “traditional” affordable housing is typically sold in bulk to housing associations, thereby securing developers’ cash flow; this may be less likely to happen with Starter Homes and this could mean that land dedicated to them may return lower values. In short, they conclude that this initiative may have significant effects on development viability that could squeeze other forms of affordable housing and affect overall levels of delivery<sup>7</sup>.

### 3.11 *The Council’s position*

- Local authorities should still have the ability to deliver a range of affordable housing products to meet the section of National Planning Policy Framework (NPPF) which requires them to have local plans which meet the objectively assessed needs for market and affordable housing in *their* housing market area

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<sup>5</sup> The scheme requires a 5% deposit from the applicant and they need to raise a mortgage of 55% of the purchase price. Repayments on the loan start after 5 years. CLG confirmed Starter Homes can be combined with Help to Buy at the “Maximise Affordable Housing Delivery: The Big Debate” (Presented by the National Planning Summit) event on 9<sup>th</sup> March 2016

<sup>6</sup> Indicated at “How to Maximise Affordable Housing Delivery: The Big Debate” (Presented by the National Planning Summit) 9<sup>th</sup> March 2016

<sup>7</sup> Savills Policy Response: The impact of new housing measures on development, February 2016

- The economic viability of development in each local authority area should be taken into account by ministers when setting the proportion of Starter Homes that should be required. This should take account of factors such as construction costs and prices (which are typically higher in places like Westminster)
- The 20% discount should remain in perpetuity, (the Bill currently only requires repayment if the property is sold within five years) so that the element of subsidy (which will be partly funded by the community through reductions in section 106 and Community Infrastructure Payments (CIL)) can be recycled and benefit others – as is the case with other forms of affordable housing
- Buyers should be subject to a local connection test (not least because without this it is impossible to meet the NPPF requirement).

### 3.12 **Housing Association Right to Buy (RTB) Extension**

The Conservative Manifesto included this commitment to bring parity across the social sector and promote home ownership, (currently housing association tenants can only purchase certain properties with lower discounts). In London the maximum discount for council tenants is c£104k.

- 3.13 Following an agreement between the National Housing Federation (NHF) and government, the majority of associations have agreed to offer the RTB on a voluntary basis, rather than being compelled to do so through legislation or regulation. This is linked to the question of the Office of National Statistics (ONS) reclassification of housing associations as public bodies (see 3.17).
- 3.14 Under the agreement housing associations will be fully compensated for the discount (funded from a local authority payment to government based on the sale of their high value council homes when they fall vacant) and can keep the full receipt from the sale. The RTB unit is to be replaced within three years although the expectation is that it should be within two. They are explicitly not obliged to replace RTB stock in the same area or with a home of the same tenure – or even to provide the housing authority in whose area stock is sold with nomination rights to the replacement units.
- 3.15 Although there is a presumption that housing associations will sell the home where the tenant has been living, they have some discretion to offer an alternative home for sale with a “portable discount”. The agreement suggests that funding for the RTB will be cash limited annually which in turn suggests the number of sales could be restricted annually.

- 3.16 A RTB pilot began in November 2015, with five housing associations accepting applications in certain areas. Westminster is not included. In London and the South East 8.4% of tenants have applied<sup>8</sup>.
- 3.17 The Bill also includes provision for Government to reduce housing association regulation, although there is no further information on this. This is likely to relate to the ONS reclassifying housing associations as public bodies in 2015 due to the increasing regulation they were facing. This led to the agreement between the NHF and government for housing associations to offer the RTB on a voluntary basis, rather than being required to do so through statute. The agreement also suggests that housing associations may have more flexibility in future on who they allocate homes to<sup>9</sup>.
- 3.18 *Implications for Westminster*  
It is difficult to estimate the number of housing association RTB sales in Westminster. There are c14,000 housing association properties and 8.4% of sales would equate to 1,176 properties. However - high prices, the economic profile of tenants<sup>10</sup> and the fact that an application does not automatically lead to a sale, will all impact on take up. The Council estimates 120 RTB sales p.a. in the first five years, which is based on the current levels of council RTB sales p.a. (c60) plus an estimate of pent up demand.
- 3.19 c40% of Westminster social lets p.a. (200 – 300 units ) come from housing association stock, so any reduction in their stock (or them having greater flexibility over who they let their stock to) could reduce social supply. As with the sale of local authority voids (see below), the full impact of the RTB extension will depend on how, when and where stock is replaced. A recent House of Commons Communities and Local Government Select Committee report asks government for more information on how replacements will work and how factors such as the capacity of the house building industry and skills shortages will be addressed<sup>11</sup>.
- 3.20 Housing associations will be less constrained than local authorities in replacing RTB homes on a one for one basis as they can replace them in different areas and they will not be subject to the same financial arrangements. Following higher RTB discounts in 2012 (called the Reinvigorated RTB), councils entered into a Local Agreement with

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<sup>8</sup> <http://www.insidehousing.co.uk/policy/right-to-buy/rtb-pilots-57-of-tenants-register-interest/7013712.article>

<sup>9</sup> Currently housing associations are required to let 50% of their voids to local authority nominees and 75% of their family sized voids

<sup>10</sup> 70% receive HB

<sup>11</sup> House of Commons, DCLG Committee, Housing association and the Right to Buy, Second Report of the Session 2015 – 16, 3 February 2016



government in relation to the receipts that could be retained to invest in new affordable supply<sup>12</sup>. In Westminster, since this agreement, 133 properties have been sold under the Reinvigorated RTB generating £29.5m in capital receipts. £17m of this has been retained by the Council, and of this, £5.1m has been spent on replacing 42 properties. £12m remains to be spent in future years.

### 3.21 High Value Local Authority Housing

The Conservative Manifesto included a commitment that the housing association RTB would be funded by requiring local authorities to manage their housing assets more effectively and to sell off some vacant homes as they fell vacant<sup>13</sup>. The policy is intended to release the value locked up in high value housing assets in order to build more homes. Government has estimated it will generate £4.5bn<sup>14</sup>.

3.22 The Bill includes a requirement on local authorities to make an annual payment to government based on an estimate of the number of high value voids that are expected to fall vacant p.a. Ministers will apply a formula, related to this estimate, to work out how much each authority will have to pay. Once this is set, the authority will be able to decide how the sum is raised (although there will be a legal duty on them to consider the sale of a high value unit when it becomes vacant). The definition of “high value”, what constitutes a void and any exemptions to the stock that will be taken into account in this calculation, are not yet known and will be set out in secondary legislation. The Bill makes it clear that stock cannot be transferred to another organisation to avoid the payment.

3.23 DCLG has indicated they will consult with local authorities on the formula for the payment<sup>15</sup> but no more is known on how this will be done, although a formal public consultation is not expected. Current information is that the payment will be based on the high value stock relative to a local authority area but this has not been confirmed<sup>16</sup>. The current position was summarised by the DCLG Permanent Secretary to the House of Commons Public Accounts Committee as follows:

*“Once we have worked out what we think the appropriate contribution is from each authority, we will set that out in a determination, on which we will consult, and then that will be the amount that each local authority is required*

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<sup>12</sup> The Reinvigorated Right to Buy, introduced in 2012 placed a requirement on local authorities to replace homes on a one for one basis, p25

<sup>13</sup> The Conservative Party, The Conservative Party Manifesto 2015, p52

<sup>14</sup> Policy Fact Sheet: Disposal of Vacant High Value Social Housing, p1

<sup>15</sup> Policy Fact Sheet: Disposal of Vacant High Value Social Housing, p1

<sup>16</sup> Based on a local authority officers meeting with DCLG

*to pay us. As I said, the timings of that have yet to be determined; the amounts have yet to be determined; and the formula has yet to be determined. But those are the details we are working through at the moment.”<sup>17</sup>*

- 3.24 Local authorities have provided DCLG with details of their stock value and void rates. It is expected determinations will be issued soon after the Bill gets Royal Assent and that payment will be made at the end of 2016/17.
- 3.25 Civil servants have indicated that local authorities will be able to retain a sum relating to the repayment of debt relating to properties sold, the transaction cost incurred in the sale and an amount equivalent to 30% of the cost of building a replacement home<sup>18</sup>. In Westminster, the average debt is £25k per property. There is also provision in the Bill for the payment to be reduced by agreement between ministers and local housing authorities. The Government has amended the Bill relating to agreements for reduced payments. It requires that in Greater London they will be subject to a requirement that at least two new affordable homes are provided for each one sold. Homes built by the Mayor could be counted against this requirement but are not required by the Bill to be in London. There is no further information on how this would work in practice. The Housing Minister has also confirmed that brand new vacant housing (i.e. that has not yet been occupied) would not fall within the definition of vacant housing.
- 3.26 Opposition peers proposed amendments, none of which were pressed to a vote. These included:
- To allow councils to keep the proceeds of sales to replace homes and repay debt before making payment to Treasury
  - To give councils the power to define high value, and restrict it from applying to more than 10% of stock
  - To prevent a property from being treated as “high value” if its sale would not pay for a replacement
  - To exclude regeneration schemes and supported housing
  - To allow councils to deduct cost of a replacement home before repaying to Treasury

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<sup>17</sup> Evidence of Melanie Dawes, Public Accounts Committee 9<sup>th</sup> March 2016, Q75

<sup>18</sup> Evidence of Peter Schofield, Director General, Housing and Planning, DCLG to the House of Commons Public Accounts Committee, 9<sup>th</sup> March 2016, Q79

- To exclude properties built or renovated within the last two years.

3.27 Labour and Liberal Democrat front benches have indicated that they may oppose the clauses of the Bill relating to the sale of high value voids, entirely. Inside Housing has reported that peers are concerned that much of the detail in the Bill is to be determined in regulations that won't require approval by the Lords. This includes regulations relating to the high value void levy. It suggests opposition peers are considering using a 'sunrise clause' which can require the government to seek full parliamentary approval for secondary legislation<sup>19</sup>.

3.28 DCLG Select Committee has recommended that as a matter of principle, public policy (like that for RTB) should be funded by central Government, rather than through a levy on local government<sup>20</sup>.

3.29 *Implications in Westminster*

The impact cannot be assessed until the formula is known which will determine the payment<sup>21</sup>. On average 3.4% of council stock becomes vacant each year (410 properties) – see table 1.

Table 1: Westminster council stock – numbers and turnover

<b>Beds</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5+</b>
No	5,854	3,487	2,193	343	48
Average value	£351k	£450k	£528k	£604k	£958k
Indicative London "high value threshold" <sup>22</sup>	£340k	£400k	£490k	£790k	£1,250k
Forecast voids (annual)	273	74	58	3	2
As % stock	4.7%	2.1%	2.6%	0.9%	4.2%

<sup>19</sup> Inside housing: Peers mull 'sunrise clause' to force scrutiny of RTB detail 15 March 2016

<sup>20</sup> Communities and Local Government Committee: Housing Associations and the Right to Buy, Second Report of Session 2015 – 16 p19

<sup>21</sup> The Council did some initial modelling based on a table, published by the Conservative Party and reported in Inside Housing in May 2015, which indicated regional thresholds above which properties would need to be sold (and estimated 200) – but this approach will not be used

<sup>22</sup> Figure from Conservative Party press release op cit

- 3.30 Some early modelling was done on the impact based on a table of regional thresholds published above which a sale would be required. This found that the Council would need to sell 200 high value voids each year (worth £100m), and that this would result in additional temporary accommodation costs of £1.5m until homes could be replaced. However, the Government has decided to adopt a formula-based approach rather than one that tracks individual sales. A formula will be developed based on an estimate of the number of properties assumed to fall vacant during a year meeting the price criteria for being regarded as “high value” and the amounts anticipated in net receipts. This will yield a payment that will have to be made to government. This allows a degree of local discretion about how the demand is met, but in practice (and depending on the size of the levy) this will require sale of high value voids. Most of the detail is as yet unknown, but it has been indicated that the “high value” threshold will be set relative to values in each local authority rather than against a regional yardstick, which would be likely to be more favourable for Westminster.
- 3.31 The impact of the policy will depend on how quickly 2 for 1 replacements can be delivered, how much of the receipt can kept for this, the availability of land and the capacity of the building industry. The increase in delivery needed to deliver the 2 for 1 requirement would be significant. There has been speculation on how much of the receipt will be left for replacements once the RTB discount has been made to housing associations<sup>23</sup>.
- 3.32 The impact on the Housing Revenue Account (HRA) would depend on the scale of the levy and the type of properties that would need to be sold and the opportunities to replace properties.
- 3.33 *The Council’s position*
- Support for the 2 for 1 amendment (the case has been consistently made for replacements to be at least on a one for one and like for like basis and for there to be a link between where homes are sold and where they are replaced (with nominations if this cannot be through physical replacement)
  - That the amount of the receipt retained should reflect the cost of developing new homes on a 2 for 1 basis
  - New build properties should be excluded from calculation of the high value void demand for at least 10 years from completion

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<sup>23</sup> Selling off stock: An interim analysis of the proposals for sales of council houses in high-value areas to finance a new right to buy for housing association tenants, October 2015

- The Council should have as wide a degree of flexibility about how that part of the high value void receipt allowed to fund replacement stock is spent, with not less than 3 years allowed for spend and freedom to combine them with any other funding source (there are currently restrictions on use of capital receipts from non-RTB sales with funds from other sources)
- The Council has sought to be part of the discussion on the delivery of 2 for 1 and for local authorities to play a key role in this – with flexibility to develop bilateral agreements with other boroughs. The importance of this is also being raised with candidates for the Mayoral election
- Councils to have greater ability to add to affordable housing supply through borrowing against their HRA assets and using Section 106 monies to develop beyond borough boundaries.

### 3.34 **Broader changes to the affordable housing landscape**

A number of broader changes also need to be considered when discussing affordable housing supply:

#### 3.35 *The Community Infrastructure Levy (CIL)*

The CIL will be introduced in Westminster in May 2016. It is a charge on development involving increases in floor space to help fund infrastructure - such as public realm, transport, open spaces, leisure projects and schools - which the Council, local community and neighbourhoods require to help accommodate new growth from development.

3.36 Under the CIL legislation, councils have to show that their proposed rates will not have such an impact on development viability in their area that it will put their planning policies at risk. Potential impacts on affordable housing delivery are always looked at particularly carefully in CIL examinations (one of our neighbouring authorities nearly had their rates rejected for this reason).

3.37 For this reason, particular care was taken to ensure the impact of the Westminster CIL rates would not impact unduly on affordable housing delivery across the City as a whole. The viability evidence commissioned by the Council from BNP Paribas Real Estate tested the effects of the rates in conjunction with 35% affordable housing – in practice the highest level the council seeks anywhere in the Borough – **plus** a 20% increase in build costs **and** without assuming any existing floor space pace which in practice is netted off when CIL payments are calculated; this was the “base case” that the independent examiner considering our rates used in ensuring we had met the required tests.

- 3.38 The independent examiner’s report stated that the methodology and approach to CIL setting was “*rigorous, robust and entirely appropriate to the unique circumstances of Westminster*”.
- 3.39 Given this, the evidence suggests that at the levels at which CIL has been set in Westminster, it should not, in itself, have a significant impact on affordable housing delivery across the City. Other factors, particularly levels of funding (and the greater priority national government is giving to ownership rather than rent) and the starter homes requirement, are likely to have much more significant effects).
- 3.40 *Build to Rent Initiatives*  
There is some interest currently at national level in large scale Build to (private) Rent as an alternative to Build to Sell. Discussion on the benefits focuses on:
- The need for private rented homes for people that cannot afford to buy
  - To improve the quality of the private rented sector and length of tenure
  - To increase supply and speed up development (as units can start being let as they are developed) which generates income.
- 3.41 Traditionally Build to Rent at scale has not been delivered as the rate of return for institutional investors is not attractive compared with Build to Sell. The Investment Property Forum estimate the rate of return to be 7.5% p.a. compared with a Build to Sell of 17.5% and they point to the need to address what they term the “viability gap”<sup>[1]</sup>. However there are some indications the model may be becoming more attractive. In 2015 government set up a Private Rented Sector Task Force and also a Build to Rent Fund<sup>[2]</sup>. The Financial Times recently reported that institutional investors are preparing to invest £50bn into this type of model and government’s Build to Rent Guide for local authorities also highlights investor demand<sup>24</sup>.
- 3.42 The Council does not encourage one tenure of private market housing over in its City Plan but encourages all residential development through the City Plan. If this model does increase and speed up delivery - it is likely this would only be on large sites, which are not the norm in Westminster. The Council would

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[1] Property Investment Forum: Mind the gap: Achieving more large scale build to rent housing

[2] The Fund is a recoverable commercial investment and is available as a loan to cover up to 50% of eligible development costs. Developers pay the loan back by refinancing the deal or selling on to an institutional investor within one to two years of completing the scheme

<sup>24</sup> Accelerating Housing Supply and Increasing Tenant Choice in the Private Rented Sector: A Build to Rent Guide for Local Authorities

also need to consider wider impacts of encouraging this model such as if the private rented sector, as the largest in England, is already big enough. *(Note an expert witness may be required if the Committee want to explore this further).*

#### **4. The private rented sector**

- 4.1 The Bill includes the following measures intended to tackle rogue landlords and property agents in the private rented sector:
- 4.2 **Banning orders**  
Local authorities will be able to apply for banning orders against rogue landlords and property agents, following conviction for a “banning order offence” (offences will be set out in regulations). Banning orders will last for a specified period and must be for at least twelve months and their intention is to prevent a person from letting a house and engaging in letting agency or property management work. The Government has made further amendments which would mean that breaching a banning order would be a criminal offence or could result in a fine, set by the local authority, at up to £30k.
- 4.3 **Database of rogue landlords and property agents in England**  
A database of rogue landlords and property agents in England will be established which will include those subject to a banning order (while it is in place). Local authorities will be responsible for keeping it up to date. This will be accessible to local housing authorities and can be used for research purposes.
- 4.4 **Rent Repayment Orders**  
Rent Repayment Orders will be available to enable tenants to recover rent from rogue landlords (local authorities will also be able to recover housing benefit), following offences including; breaches of improvement orders, under Housing Act 2004; violent entry under the Criminal Law Act 1977 and unlawful eviction under the Protection from Eviction Act 1977. Both local authorities and tenants can apply for the order.
- 4.5 **Fit and Proper Person Test: Houses in Multiple Occupation**  
There will be extensions to the ‘fit and proper person’ test for landlords wanting to let out licensed properties, such as HMOs. This is intended to prevent potential rogue landlords and property agents from receiving licences. The test includes the criterion that the applicant should be entitled to remain in the UK and should not be insolvent or bankrupt.

#### 4.6 **Offences under the Housing Act 2004: Financial Penalties**

The Bill enables local authorities to impose financial penalties for certain offences under the Housing Act 2004 as an alternative to prosecution.

Offences that might result in financial penalties include: failure to comply with an improvement notice issued by the local housing authority; offences committed by people in control of, or managing, houses in multiple occupation (HMO); and offences contravening the management regulations in respect to an HMO.

4.7 The Government has also made amendments to these provisions of the Bill throughout its passage through Parliament. These include amendments to make the breach of a banning order a criminal offence, increase the fines that local authorities can set for the breach of an order and enable further fines to be levied where the breach continues after a conviction.

4.8 The House of Lords considered this part of the Bill in early February 2016. A number of amendments were proposed by a mixture of peers at that stage, none of which were pressed to a vote. These included amendments to:

- Set out the grounds for a banning offence in legislation and require parliamentary approval for the relevant banning order regulations
- Initiate a pilot of extending the Housing Ombudsman to cover the private rented sector in Greater London
- Ensure the section of the Bill on banning orders does not come into force until at least one year after the publication of a draft of regulations.

#### 4.9 *Implications in Westminster*

The Council will need to develop new systems and processes to respond to the measures. Obtaining a Banning Orders is likely to be particularly resource intensive although the likely numbers involved cannot be estimated until there is more information on the offenses they would apply to. The focus on enforcement could result in a move away from negotiating with landlords.

#### 4.10 *The Council's position*

The Council fully supports these areas of the Bill and supported higher fines for breaching of banning order offences (from the £5k as originally set out), which was amended by government to £30k. The Council is clear however that as the responsibilities of local government will be expanded through these changes, they must be resourced, and would hope that such fixed penalties would cover costs and related expenses. The Council also wants to see penalties registerable as a charge against the property – something that is



particularly important in Westminster given the number of overseas based landlords.

#### 4.11 Wider policy landscape

#### 4.12 *Proposals to extend the mandatory licensing of HMOs*

Government consulted on proposals to broaden mandatory licensing for Houses in Multiple Occupation (HMO) in December 2015. Currently HMOs must be licensed where they are comprised of non self-contained accommodation of three or more storeys and occupied by five or more people, who do not form a single household. There are 257 licensed HMOs in Westminster. The numbers are low as the majority of Westminster properties are flats - and flats generally have to be on three floors to be captured by licensing – which is rare.

4.13 A licensed property has to; meet the Council’s standards; the landlord or agent has to declare that they are a “fit and proper person” to manage the property and management arrangements have to be adequate. Licenses last for five years and cost £285 for the five years per unit (i.e. for each bedsit or room). Properties are inspected twice within this period and licenses can be revoked if landlords do not comply with the conditions. Scheme costs must be reasonable so are based on the cost of a scheme to the Council.

4.14 The overall definition of an HMO is very broad as table 2 shows:

Table 2: Types of HMO in the 2004 Housing Act

A	B	C	D
Entire house or flat let to 3 or more tenants who form 2 or more households and who share a kitchen, bathroom, or toilet	A house converted entirely into bedsits, or other non self-contained accommodation which is let to 3 or more tenants, who form two or more households, and who share kitchen, bathrooms or toilets	Converted house which contains one or more flats which are not wholly self contained and which are occupied by 3 or more tenants, who form 2 or more households	A building which is converted entirely into self-contained flats – but the conversion does not meet 1991 building regulations and more than one third of the flats are on short term tenancies

4.15 The consultation asked if mandatory licensing should be extended to different types of HMOs. The Council’s responses was that mandatory licensing should be extended to cover the properties below, but also that a balance needs to be struck between concentrating on the worst HMOs, while not over regulating the sector where it is not needed. Overall that mandatory licensing should also not capture HMOs in such volume that a scheme would be unmanageable - and detract from work in other property types. Local

authorities can always use their powers to introduce additional licensing schemes to apply to a broader range of properties where needed.

4.16 The Council's response to the recent consultation on HMO licensing - Mandatory licensing should be extended to cover:

- **All two storeys HMOs** as this would capture larger flats (i.e. on two storeys) which are higher risk and some HMOs above commercial premises (as the commercial premises can be counted as a storey), which are also higher risk due to the mixed use within the building
- **All self-contained HMOs in poorly converted premises (i.e. type D in table 2)** as this would capture high risk properties, but it was suggested that it should apply only properties where at least two thirds of the flats are privately let (as this would avoid the authority becoming over involved in properties primarily occupied by leaseholders). However it was suggested that this two thirds test should not be applied where the property is above commercial premises
- **All bedsits and flats above and below business premises (that meet the 5 person threshold)** as this would capture properties at higher risk properties, due to the mixed use of the building i.e. where there is not proper fire separation between the uses.

4.17 *Implications for Westminster*

- The number of HMOs that may be captured by each of the above is unknown. The costs to administer and enforce a mandatory licensing scheme are recoverable, however once a premises has been licensed, there is a statutory requirement to inspect/risk assess again within a five year period, and this cost is not recoverable.

**If you have any queries about this Report or wish to inspect any of the Background Papers please contact: Cecily Herdman, telephone 020 7641 2789, email [cherdman@westminster.gov.uk](mailto:cherdman@westminster.gov.uk)**

## **Appendix 1: Summary of questions asked in the Starter Homes Regulation, Technical Consultation March 2016**

Q1: Do you support restrictions on the sale and sub-letting of starter homes for 5 years following initial sale? Do you support allowing individuals to sell at a higher proportion of market value as the number of years they have lived in the home increases? If not, what other approaches can we adopt to meet our objectives?

Q2: Do you agree that flexibility over the age 40 restriction should be given when joint purchasers are looking to buy a starter home, one purchaser being under 40 years old but the other older than 40?

Q3: Do you agree that there should be an exemption from the age 40 restriction for injured military services personnel and those whose partner has died in service

Q4: Would a site size of 10 units or more (or 0.5 ha) be an appropriate minimum threshold for the starter home requirement? If not, what threshold would be appropriate and why?

Q5: Should the minimum percentage requirement be applied uniformly on all sites over 10 units to provide a single requirement across the country?

Q6: If so, do you agree that 20% represents a reasonable requirement for most areas?

Q7: Do you support an exemption from the Starter Homes requirement for those developments which would be unviable if they had to deliver any affordable housing including Starter Homes? If so, how prescriptive should the viability test be in the regulations?

Q8: Do you support the proposed exemptions from the starter home requirement? If not, why not?

Q9: Should group custom build developments and developments with a very high level of affordable housing such as estate regeneration schemes be exempt? If not, why not?

Q10: Are any further exemptions from the starter home requirement warranted, and why?

Q11: Do you support the use of commuted sums to deliver starter homes where the local planning authority agrees?

Q12: Do you support the proposal that private rented sector housing (for institutional investment) and specialist older people's housing should meet the requirement through off-site contributions?

Q13: Do you agree that Starter Homes monitoring reports should be an annex to the Authority Monitoring Report?

Q14: Do you agree that these reports establish the key actions taken to support starter home delivery and the outcomes in terms of permissions granted and completions? 21

Q15: Do you agree that April 2017 is a reasonable date for the first report to be published? If not, do you have alternative suggestions and why?

Q16: Do you support a transitional provision for the starter home regulations?

Q17 Is there further evidence we should be considering in our assessment of equalities implications?

Q 18 (i): How do you anticipate the open market value of Starter Homes would compare to other affordable housing products such as social rent, affordable rent and affordable home ownership?

(ii): How do you envisage the market value of Starter Homes when compared to the market value of full priced new build homes bought by first time buyers?

(iii): What is your view on the proportion of sites that would be able to deliver 20% Starter Homes without viability being affected? How would this affect other developer contributions?

(iv): Do you agree that in most instances s106 negotiations occur on residential sites of 10 or more units, regardless of whether a s106 agreement is ultimately put in place? And do you agree that before the April 2015 pooling restrictions on Section 106, infrastructure contributions (as a proportion of development activity) tended to be higher in authorities that secured relatively low s106 affordable housing contributions?

(v) To what extent do you think the starter home requirement and associated exemptions will affect site viability, if at all?

(vi) We would welcome (a) any estimates of the costs incurred by developers in negotiating s106 agreements on sites of different sizes, for example time costs, consultants or legal fees, and (b) views on the extent these costs might change as a result of the 20% starter homes requirement.



## Housing, Finance & Corporate Services Policy and Scrutiny Committee

<b>Date:</b>	Wednesday 13 April 2016
<b>Classification:</b>	General Release
<b>Title:</b>	Total Facilities Management – Performance and Contract Report
<b>Report of:</b>	Debbie Morris
<b>Cabinet Member Portfolio</b>	Cllr. Tim Mitchell <a href="http://www.westminster.gov.uk/cabinet">www.westminster.gov.uk/cabinet</a>
<b>Wards Involved:</b>	All
<b>Policy Context:</b>	City for Choice / Heritage / Aspiration
<b>Report Author and Contact Details:</b>	<b>Debbie Morris 020 7361 3189</b> <b>Debbiej.morris@rbkc.gov.uk</b>

### 1. Executive Summary

- 1.1 This report provides an overview of the Total Facilities Management (TFM) service that was implemented in October 2013. It covers both the outsourced service provider (Amey) performance and information on the in-house FM team (LINK) working for the Tri-Borough Councils, including added value and objectives.
- 1.2 As this is the first time since the implementation of the TFM service that a report has been issued to WCC Scrutiny, the report aims to cover background information on the service provided, a comparison to the service provided prior to implementation and current issues.
- 1.3 The report also details what has gone well and what changes are required in order to improve service delivery. As a summary:  
What has gone well
  - Saving realised immediately of over £1,200,000 pa for WCC with significant ongoing annual savings



- As the contract is fixed price, there is cost certainty throughout the contract
- Performance measurement has been introduced via Key Performance Indicators
- Response times for tasks have been introduced
- Property data has been reviewed and is more comprehensive, giving confidence in understanding across our estate
- The estate is now 100% compliant and in line with statutory requirements
- Various additional improvements and savings have been implemented for the Council such as identifying duplication of costs for depots and implementation of Fire Plans for all operational buildings

#### What has not gone so well

- Transition of the FM contract was not completed effectively which has meant several restructures, turnover of staff within Amey and service levels dropping
- Setting up of the in-house team at the same time as outsourcing of FM has meant that the FM team has focussed on management set up, clarity of data and compliance rather than physical audit and has led to a lack of visibility within the buildings
- Inaccurate data at outset has meant additional work has been required to get to a confident position (with regards to statutory compliance) with focus taken off service at building level
- KPIs are focussed on statistics and should be more quality focussed
- The contract standardises service levels and requirements and is not reflective of specific needs for types of building users
- Poor due diligence and handover at outset has meant that equipment such as lifts were not highlighted for replacement immediately and therefore multiple repairs have been required with lengthy lead times, as parts that are obsolete have needed to be manufactured

#### Improvements being made

- Amey have replaced key members of staff and are now focussing on improving service delivery. This has included recruiting an Account Manager for each borough rather than one Tri-Borough Account Manager as detailed in the bid
- The LINK has been restructured to focus on service delivery and improvements, with a specific role being dedicated to audit and verification
- The LINK are now splitting their time between Kensington and Westminster to enable more visibility and building focus
- KPIs are currently under review to take in to account the quality of service provided and customer perception
- A review of specific requirements is planned to be undertaken with a role within LINK being dedicated to strategy and improvements. This will enable us to fully understand and appreciate business unit requirements and strategy, changing the contract accordingly
- The Customer Service Excellence programme is being re-established via the new LINK Communications Manager to improve service delivery throughout the contract

## **2. Key Matters for the Committee's Consideration**

- 2.1 This report has been written to provide information on the Facilities Management services provided and to advise Councillors of current objectives/changes planned.
- 2.2 No decisions are required but the intention is to obtain valuable feedback on the perception of the service delivery in order for consideration to be made with regards to taking the service forward.

## **3. Background**

- 3.1 A Total Facilities Management (TFM) contract was awarded to Amey Community Ltd (ACL) in June 2013 for the provision of services on a Tri-Borough basis for London Borough of Hammersmith & Fulham (LBHF), Westminster City Council (WCC) and Royal Borough of Kensington and Chelsea (RBKC). In addition, there is a framework contract which allows Amey to provide FM services to other London Boroughs and schools.
- 3.2 At the same time an in-house team was set up to manage the service provision on a Tri-Borough basis, as it was requested by all bidders that the contract was managed by one Client team. This team was renamed the 'LINK' during mobilisation and was given the remit of ensuring the TFM contract was mobilised effectively, transitioned to incorporate the contract requirements and longer term, transformed in to a contract providing service excellence throughout the Tri-Borough.
- 3.3 The LINK is also in place to devise and drive forward FM strategy for the Tri-Borough, ensuring innovation and greater estate knowledge is embedded both within the business and the contract.
- 3.4 Initially, the Business Case approved by the three Cabinets set a target of £2 million of savings per annum to be achieved at the conclusion of the tendering exercise. This target has been exceeded, and based upon the current solution, has identified average net savings of approximately £6 million across the three boroughs in the first year and more when further contracted efficiencies are realised.

### Statutory Compliance

- 3.5 Statutory compliance is a level of maintenance requirement for various plant and equipment that is dictated by law. Although not contractually binding, the expectation was for the estate to be 100% compliant at handover to Amey/LINK – this was not the case.

- 3.6 **Appendix 1** shows the level of compliance at handover, however the real level of compliance was lower as various equipment and associated maintenance were missing altogether.
- 3.7 The Service Matrix (which details which services and buildings are covered by the provisions of the Contract) was re-visited during mobilisation, resulting in over 4,135 individual changes, 1590 (38%) of which were changes to the WCC data. Therefore, significant changes and additions had to be made to the maintenance regimes, help desk data and contract to pick up these additional service requirements. This has led to a much more comprehensive understanding of our estate.
- 3.8 As non compliance can lead to prosecution, this has been a priority for the LINK, who have been validating 100% of certification to ensure documentation and compliance is accurate.

#### Key Performance Indicators

- 3.9 Since the start of the TFM Contract, Amey have been measured on a suite of 13 Key Performance Indicators (KPIs) and these have been continually developed to meet the Borough's needs, with the last amendments coming into effect from July 2015.
- 3.10 Dependent upon Amey's overall performance across the suite of indicators, financial deductions are imposed by the enforcing of the Payment and Performance Mechanism within the Contract. There has been a gradual but continual improvement in Amey's performance, however many of these improvements have been seen in quantifiable measures. The next KPI revisions that will be implemented from 1<sup>st</sup> October 2016 will shift some of the focus to more qualitative measures.

## 4. Savings Realised

- 4.1 Over the ten year term the Amey contract, the forecast is to deliver approximately £79m of savings for the 3 Councils against its previous expenditure on Facilities Management. It is hoped that these savings will go some way to releasing the financial pressure on front line Council services. Specific WCC savings are detailed in **Appendix 2**.
- 4.2 As the contract is a "lump sum fixed price" the Councils have certainty of costs and certainty of savings. The Councils have achieved these savings through the following two ways:
- The grouping of services to achieve economies of scale
  - Pan-London FM framework
- 4.3 By grouping c.2000 different sites across three London Boroughs into one contract, Amey is able to standardise service, allocate its overhead and hedge its risk over a far greater estate than one London Borough could individually

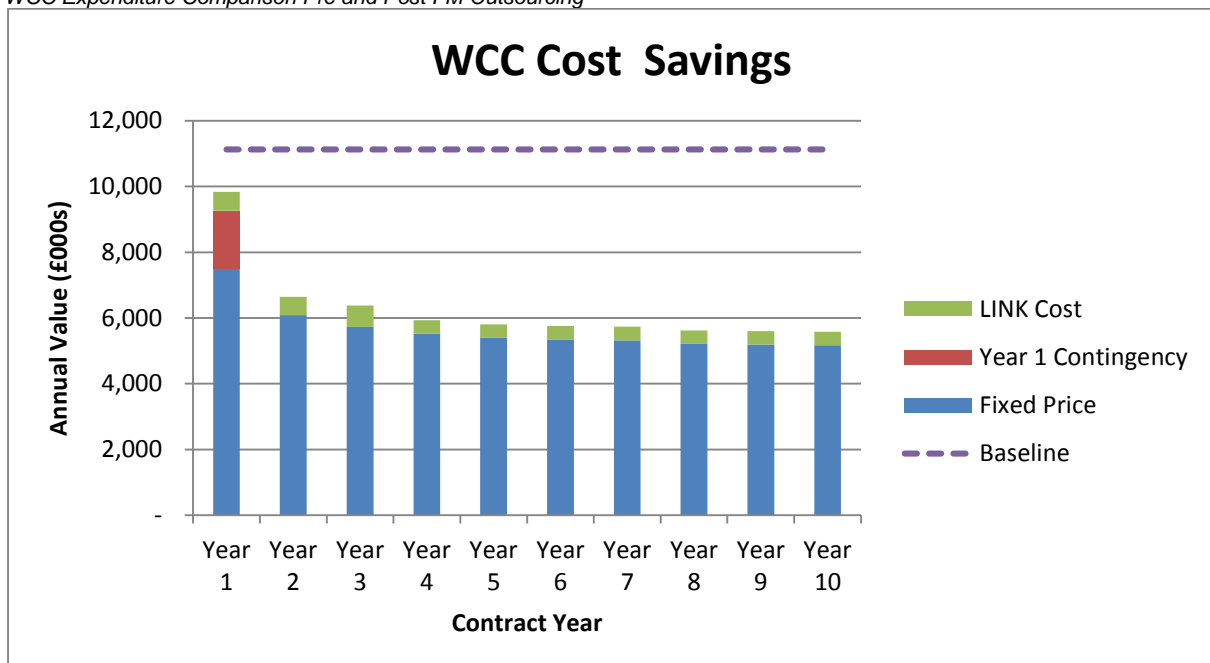




achieve. This has resulted in greater economies of scale and a technical efficiency that is reflected in the savings.

- 4.4 A Pan-London FM framework accompanies the Amey contract; this allows other London Boroughs to call off to provide similar services to those already used by the 3 Councils. The benefit of this accompanying framework is that Amey has guaranteed an additional £12.5m discount over the term of the contract. In addition to the guaranteed discount, should revenues from the framework be greater than £250m, then Amey and the 3 Councils would share any profit over this value 50%/50%.
- 4.5 The graph below illustrates the pre and post FM outsourcing expenditure on facilities management within WCC. The gap between the stacked columns and the baseline value represents the annual savings, which increase over the term of the contract. This is specifically detailed in **Appendix 2**.

WCC Expenditure Comparison Pre and Post FM Outsourcing



- 4.6 As there were such significant savings for the Tri-borough, it was agreed between CEOs to each hold a contingency of 15% of the contract value to be used for any unforeseen risks or scope creep. This was to be held for the term of the contract, however as only £100,000 was required after the first year, the Councils removed the contingency going forward.
- 4.7 In addition to a reduction in contract costs, the LINK budget decreases in Years 4-10, reflecting the change in LINK Structure which comes in to effect from 1<sup>st</sup> April 2016.

## 5. Added Value

- 5.1 Whilst the intention of LINK was originally to manage and oversee the outsourced FM contract, it soon became apparent that there were other areas within FM (and indeed the Councils) that would benefit from improvement.
- 5.2 LINK has therefore worked with the Councils to implement these improvements and has added value within the business. Some of these improvements have been detailed below:
- 5.3 Tri-Borough Compliance Board - As a Tri-borough service, LINK recognised that there were inconsistencies with the delivery of compliance within the 3 Councils. Therefore LINK set up a Compliance Board which consists of Health & Safety representatives for each Council, LINK representative and schools representatives. The Board is chaired by the RBKC Director of Corporate Property. To date, various improvements and standardisations have been made.
- 5.4 WCC Operational Building Fire Plans - LINK identified a shortfall of fire plans within all WCC operational buildings. Some did not exist and those that did varied widely in format, content and legislative compliance. The original proposal submitted to the Director of Property and the Head of the Operational Estate in April 2015 indicated that some 55 buildings were potentially eligible candidates for fire plan production.
- 5.5 As the project progressed, it became clear that a number of additional properties needed to be added to the project.
- 5.6 Since the completion of the project, some 86 buildings have been reviewed and their requirement for a Council produced fire plan assessed. This included the identification of a number of Children's Centre's that did not feature as part of the FM contract.
- 5.7 Of the 86, 34 buildings required council produced fire plans - these have been completed and issued to Premises Controllers and WCC Corporate Health & Safety for comment. LINK will continue to support the Premises Controllers in fine tuning these plans alongside the WCC Corporate Health & Safety team.
- 5.3 WCC Compliance - The WCC Compliance Recovery Project was originally commissioned in February 2013 to address a wide range of statutory compliance issues across the Councils operational portfolio. It consists of four separate phases:
- PHASE 1 – Compliance Status Review exercise
  - PHASE 2 – Provision of Compliance Documentation
  - PHASE 3 – Identification & Implementation of remedial actions
  - PHASE 4 – Compliance Monitoring Strategy



- 5.6 The initial recommendation for the programme had been put together by the Corporate Property team and had been approved by the Executive Management Team. However, with staff leaving the team, this project had not been taken forward. LINK proposed to the Corporate Property Director that they take responsibility for programming and delivery of this project. Since Q2 2015, LINK has reviewed the compliance documentation obtained from the previous phase and proposed an enabling project review of all remedial works identified within the compliance documentation. The aim of this was to undertake a comprehensive review of the documentation, identify and classify all required remedial works, produce a detailed works specification and budget costs that were meaningful and appropriate to cover all WCC legal and operational responsibilities. The specification was then able to be tendered out to ensure consistency and value for money was obtained from the tendering exercise.
- 5.7 The original budget figure for the required works was £983,000. The enabling project review achieved, through value engineering and forensic analysis of the operational portfolio, a reduction in cost to £525,000 against the original budget figure. This was achieved without the need to reduce the scope of the project, enabling the Council to fund the closeout of outstanding legacy compliance issues across the whole operational portfolio. All remedial works are currently underway and are on schedule for completion by the end of Q2 2016.
- 5.8 Duplication of FM costs at WCC Depots - LINK reviewed the Westminster City Council's depot leases and identified that building maintenance should have been undertaken by the Waste Mgmt Contractor (Tenant) and not WCC. Effectively the Council was paying both the Tenant and Amey (TFM Contractor) to undertake the same works, duplicating many works and costs. The historic overspend was calculated at circa £1.1m and several existing capital projects were immediately reduced or cancelled due to the responsibilities clarification provided by LINK – the actual additional savings achieved have yet to be quantified. An options and recommendations paper to resolve this issue going forward was issued to WCC for review and implementation.
- 5.9 Energy Management (WCC/RBKC) - LINK currently employs an Energy Manager for both RBKC and WCC funded directly by each Council outside of the TFM LINK Fee. The Energy Manager's role has a wide scope incorporating energy procurement, statutory legislation and compliance responsibilities, budget management, invoice reconciliation and payment, energy saving initiatives and carbon reduction management. The role requires both management and strategic skills plus there is a considerable day to day workload.

#### Financial Savings:

- WCC: Developing energy reduction schemes for the Westminster Central Archives Building with a capital fund of circa £170,000 to create a green corporate flagship.
- Effective risk management and proactive CCS management of utility procurement has realised savings of circa £167,000 per annum for the two boroughs.
- Proactive portfolio management ensuring buildings are added into the CCS procurement framework or removed if meters and/or buildings are not used or are no longer the boroughs responsibility has realised savings of circa £22,000 per annum for the two boroughs.
- Effective management of the CRC carbon allowances has realised savings of circa £450,000 for the two boroughs.
- There are also significant fines for not keeping and producing data with regards to CRCs. This can result in each Council potentially receiving fines of c£600,000 per annum. No fines have been received to date following the Energy Manager's efforts.

## 6. Customer Service Excellence Programme

- 6.1 During the second and third years of the contract, there has been a shift in focus to improve customer satisfaction and perception. In order to deliver this, a programme has been developed that includes the publication of a Customer Charter, obtaining accreditation to the national Customer Service Excellence Standard, a realignment of processes and procedures and staff training and cultural change management that will support this initiative.
- 6.2 This initiative presents an opportunity to transform FM delivery by focussing on what the customer needs, providing a better FM service that supports the operational needs and ensuring that staff will be engaged, trained and motivated. Accreditation to the standard will act as a driver of continuous improvement and as an independent validation of achievement. An initial assessment was carried out in October 2015, and whilst rectification on all actions identified stalled due to the lead staff member leaving, LINK has now recruited a Communications Manager to lead the project and drive it to conclusion.

### Improvements in Hand

- 6.3 There are a number of additional service improvements in hand including:

#### TFM Helpdesk

- Increasing staffing levels to improve the service and increase response times
- Training staff on how to better look after customers
- Reducing the backlog of non-urgent tasks



- Improving communication with callers to determine which tasks are high priority

#### Operations

- Allocating dedicated Facilities Managers (FMs) to each business unit e.g. one FM responsible for Corporate building, one for Libraries, one for Adult Social Care etc to better understand service requirements and to have one point of contact
- Dedicated Account Manager per borough to be a senior point of contact for customers and focus on borough specific issues
- The re-establishing of Building User Groups for the Corporate buildings (City Hall, Lisson Grove)

## 7. Value for Money

- 7.1 To provide value for money, LINK ensure that all additional works are priced in accordance with the contract terms and the WCC constitution. In addition to this, the breadth of supplier-side technical experience within the LINK team also ensures that the Councils are not overcharged.
- 7.2 The fees paid to Amey for project works have also been benchmarked against other professional services frameworks and the fees previously paid by WCC prior to Amey, this has achieved savings of c.10%. In addition, LINK has negotiated greater risk transfer to Amey than previously thus reducing total project costs and giving certainty over costs.
- 7.3 To ensure that the contract offers value for money over the term of the contract, it is a requirement that the contract is benchmarked at the third and sixth anniversary. If the contract is found to offer poor value for money then the Council has a right to reduce the contract value. If the contract is found to offer excellent value for money then the Councils get the benefit of this.
- 7.4 In reality, as the London construction and facilities market has awoken from a deep recession and demand is starting to outstrip supply, tender prices are beginning to rise at a greater rate than general inflation. If this continues to happen then the contract will only offer greater value for money as the price is fixed for the term of the contract.

**If you have any queries about this Report or wish to inspect any of the Background Papers please contact Debbie Morris x3189  
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**APPENDICES:**

**Appendix 1** – Statutory Compliance Handed Over at Contract Start

**Appendix 2** – WCC Costs & Savings over the 10 Year Term of the FM Contract

**BACKGROUND PAPERS**

N/A



## Appendix 1 – Statutory Compliance Handed Over at Contract Start

	WCC			
	Required	Received	Outstanding	% Complete
Passenger Lifts (6M)	56	49	7	87.50%
Goods Lift (12M)	6	6	0	100.00%
Lifting Beams (12M)	17	16	1	94.12%
Eye Bolts & Safety Lines (12M)	1	0	1	0.00%
Harnesses and Ancillary Equipment (12M)	0	0	0	100.00%
FRA	84	1	83	1.19%
Fire Fighting Equip (12M)	146	140	6	95.89%
Fire Alarm Maintenance (12M)	105	94	11	89.52%
Emergency light testing (12M)	105	97	8	92.38%
Dry Risers (12M)	2	2	0	100.00%
Sprinkler Systems (12M)	7	3	4	42.86%
Fixed electrical installations (5Yr)	197	195	2	98.98%
Portable electrical appliances (12M)	39	15	24	38.46%
Lightning Protection (12M)	50	41	9	82.00%
Boiler (12M)	107	92	15	85.98%
Flue (12M)	107	92	15	85.98%
Gas Pipework (12M)	107	92	15	85.98%
Catering Equipment (12M)	0	0	0	100.00%
Asbestos (12M)	140	115	25	82.14%
L8 (2Yr)	171	164	7	95.91%
Written Schemes of Work (12M)	0	0	0	100.00%
DEC (2Yr)	58	58	0	100.00%
Air Con Over 250kW (5Yr)	14	0	14	0.00%
Air Con over 12kW (6Yr)	0	0	0	100.00%
F-Gas (12M)	41	40	1	97.56%
	<b>1560</b>	<b>1312</b>	<b>248</b>	
<b>% received</b>			<b>84.10%</b>	

**Appendix 2 - WCC Costs & Savings over the 10 Year Term of the FM Contract**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
LINK Cost	571	550	649	411	411	411	411	411	411	411	4,647
Year 1 Contingency	1,755	-	-	-	-	-	-	-	-	-	1,755
Fixed Price	7,509	6,092	5,730	5,520	5,393	5,347	5,322	5,212	5,194	5,169	56,488
<b>Total cost of FM from 1/10/13</b>	<b>9,835</b>	<b>6,642</b>	<b>6,378</b>	<b>5,931</b>	<b>5,804</b>	<b>5,758</b>	<b>5,733</b>	<b>5,623</b>	<b>5,605</b>	<b>5,580</b>	<b>62,890</b>
Baseline costs pre TFM	11,127	11,127	11,127	11,127	11,127	11,127	11,127	11,127	11,127	11,127	111,270
Saving	<b>1,292</b>	<b>4,485</b>	<b>4,749</b>	<b>5,196</b>	<b>5,323</b>	<b>5,369</b>	<b>5,394</b>	<b>5,504</b>	<b>5,522</b>	<b>5,547</b>	<b>48,380</b>