



City of Westminster

# Cabinet Member Report

<b>Meeting or Decision Maker:</b>	Cabinet Member for Regeneration & Renters
<b>Date:</b>	26 February 2024
<b>Classification:</b>	Part exempt: Appendix A be declared exempt from publication as the business to be transacted involves the disclosure of information as prescribed by paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972, as amended, in that they contain information relating to information relating to the financial or business affairs of any particular person (including the authority)
<b>Title:</b>	Edgware Road Housing Zone – Borough Intervention Agreement (BIA) variation
<b>Wards Affected:</b>	All
<b>Policy Context:</b>	Fairer Housing
<b>Key Decision:</b>	Yes
<b>Financial Summary:</b>	The variation to this agreement will convert a £2m repayable loan, provided to Westminster in 2017, to a non-repayable grant.
<b>Report of:</b>	Executive Director of Regeneration, Economy and Planning

## **1. Executive Summary**

- 1.1 In June 2017 Westminster City Council entered into a Borough Intervention Agreement (BIA) in relation to the Edgware Road Housing Zone, of which Church Street is the main estate. This agreement provided a £2m recoverable, interest free loan for enabling works at Lisson Arches, in exchange for the delivery of affordable homes at Lisson Arches and Orchardson Street. The payment was received in 2017 was due for repayment by 2025.
- 1.2 Following scheme changes and discussion throughout 2023, it has been negotiated with the GLA to vary the BIA in order to convert the £2m loan to non-repayable grant and remove the Orchardson Street homes from the BIA.
- 1.3 This allows the 35 affordable homes at Orchardson Street, and additional 15 affordable homes introduced at Lisson Arches, to be used to bid for separate GLA funding.

## **2. Recommendations**

- 2.1 That the Cabinet Member for Regeneration and Renters approves the Council to enter into the varied Edgware Road Borough Intervention agreement.

## **3. Reasons for Decision**

- 3.1 Converting the loan to non-repayable grant results in additional funding which supports WCC's strategic approach to deliver affordable homes in the city, including social rented homes.
- 3.2 Removing the Orchardson Street Homes from the agreement will allow additional grant funding to be sought under the GLA's Affordable Homes programme and will therefore further support scheme and programme viability.

## **4. Background, including Policy Context**

- 4.1 In June 2017 WCC entered into a Borough Intervention Agreement in relation to the Edgware Road Zone, of which Church Street is the main estate. This agreement provided a £2m recoverable, interest free loan for enabling works at Lisson Arches, in exchange for the delivery of:
  - 44 Affordable Rent & 14 market sale homes at Lisson Arches
  - 35 x 1 bed intermediate homes and 65 market sale homes at Orchardson Street (referred to as Lisson Grove in the BIA)

- 4.2 The payment was received in 2017 for the enabling works on Lisson Arches and is due for repayment between 2022-2025 (longstop).
- 4.3 Since the original agreement, the Council has revisited the Lisson Arches site to change the tenure of the private homes along with creating an additional affordable home resulting in 15 additional Social Rented (Community Supported Housing) homes.
- 4.4 During 2022 these homes secured £1.8m funding under the GLA's Care and Specialist Supported Housing (CASSH) programme.
- 4.5 Additionally, concept design development took place on the Orchardson Street identifying potential to increase the number of affordable homes on this site by 17, to a total of 52 units consisting of both Intermediate and Social Rented tenures.
- 4.6 These 17 additional social rent homes at Orchardson have secured funding under the GLA's Affordable Homes Programme 2023 within WCC's 2021 bid (£3.1m).
- 4.7 Subject to Cabinet Member decision, agreement has now been reached with the GLA to vary the BIA agreement as follows:
- Convert the £2m loan to non-repayable grant;
  - Remove the Orchardson homes from this agreement altogether. This means the £2m will be spread across the 44 Lisson Arches homes only (equivalent of £45k per home);
- 4.8 The 35 affordable homes at Orchardson, originally covered by the BIA, will then be eligible to bid for affordable housing grant under the GLA 2021-2026 programme.

## **5. Financial Implications**

- 5.1 Varying the Borough Intervention Agreement as recommended within this report will result in an additional £2m grant funding to support scheme viability. Against the 44 homes at Lisson Arches only, this equates to £45,455 per home.
- 5.2 In addition, removing the 35 affordable homes at Orchardson Street from the agreement means these homes will be eligible to bid for grant funding under the GLA's Affordable Homes Programme.
- 5.3 The original financial benefit of the Housing Zone agreement was a £500k interest saving and so this variation has significant financial benefit to the council (£2.5m, including the loan and interest saving) and provides additional

affordable housing numbers, and potential grant, under the GLA's delivery programmes.

- 5.4 Although outside of this specific variation, the scheme changes outlined above have also resulted in £1.8m additional funding for Lisson Arches (15 additional homes) and £2.3m additional funding at Orchardson Street (17 additional homes).

## **6. Legal Implications**

- 6.1 The City Council can enter into the grant funding arrangements using its general power of competence under the Localism Act 2011.
- 6.2 The BIA grant agreement variation (the Variation Agreement) has been drafted by GLA's legal advisors and the Council officers have reviewed it and are satisfied it is fit for purpose. The City Council will have to enter into this Variation Agreement in order to change the £2m repayable loan to a non-repayable grant.
- 6.3 The Variation Agreement requires the Director of Law to sign an Opinion that amounts to a warranty that the Council has the power and authority to enter into, observe and perform the terms and obligations under the Variation Agreement and has obtained all relevant consents and approvals (statutory or otherwise) to authorise the execution and delivery of the Variation Agreement and the performance and validity of the obligations under it.
- 6.4 The Variation Agreement would require to be sealed by the City Council and Legal Services can organise such sealing once approval to proceed is accorded.
- 6.5 The Cabinet Member Terms of Reference delegate the powers of this decision to the Cabinet Member. In accordance with Paragraph 33.12 of the Council's Access to Information Procedure, this proposed key decision was entered in the Forward Plan on 24 August 2023 and the necessary 28 clear days' notice has been given. A period of five clear days - the call-in period – must elapse before the decision is enacted. If the decision is called-in during this period, it cannot be enacted until the call-in has been considered and resolved.

## **7. Carbon Impact**

- 7.1 A carbon impact assessment is not applicable to this report, as the decision will approve funding for projects already within the council's business plan. Associated projects will be required to undertake individual carbon impact assessments.
- 7.2 However, the GLA's funding programmes include requirements for associated schemes to meet Sustainability, Design and Building Control requirements

and standards and will therefore support the council's commitment to delivering sustainable and high-quality affordable homes.

## **8. Equalities Impact**

- 8.1 The delivery of these properties will provide additional social rented supply and positively impact on those households the council has a statutory duty to.

## **9. Consultation**

- 9.1 No Ward Members consultation has been undertaken as homes funded under this agreement are in multiple wards.

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

Joe Smith, Senior Programme Manager [jsmith1@westminster.gov.uk](mailto:jsmith1@westminster.gov.uk)

## **APPENDICES**

**Appendix A** – Edgware Road Housing Zone Borough Intervention Agreement  
(Exempt from publication)


## **BACKGROUND PAPERS**

N/A

For completion by the **Cabinet Member for Regeneration and Renters**

**Declaration of Interest**

I have no interest to declare in respect of this report

Signed:  Date: 16 February 2024  
NAME: **Councillor Matt Noble**

State nature of interest if any:

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*(N.B: If you have an interest, you should seek advice as to whether it is appropriate to make a decision in relation to this matter)*

For the reasons set out above, I agree the recommendation(s) in the report entitled **Edgware Road Housing Zone – Borough Intervention Agreement (BIA) Variation** and reject any alternative options which are referred to but not recommended.

Signed:   
Cabinet Member for Regeneration and Renters

Date: 16 February 2024

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:

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If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, City Treasurer and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.