



City of Westminster

Committee Agenda

Follow On Agenda

Title:

Housing, Finance and Customer Services Policy and Scrutiny Committee

Meeting Date:

Wednesday 28th November, 2018

Time:

7.00 pm

Venue:

Room 3.1, 3rd Floor, 5 Strand, London, WC2 5HR

Members:

Councillors:

Melvyn Caplan (Chairman)
Antonia Cox
Richard Elcho
Adam Hug

Pancho Lewis
Matt Noble
Mark Shearer
James Spencer



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. 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, Toby Howes, Senior Committee and Governance Officer.

**Tel: 020 7641 8470; email: thowes@westminster.gov.uk
Corporate Website: www.westminster.gov.uk**

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 Committee and Governance Services in advance of the meeting please.

FOLLOW ON AGENDA

PART 1 (IN PUBLIC)

4. CABINET MEMBER FOR FINANCE, PROPERTY AND REGENERATION UPDATE

(Pages 3 - 12)

Councillor Rachael Robathan (Cabinet Member for Finance, Property and Regeneration) to update the Committee on current and forthcoming issues in this portfolio.

5. CABINET MEMBER FOR HOUSING AND CUSTOMER SERVICES UPDATE

(Pages 13 - 30)

Councillor Andrew Smith (Cabinet Member for Housing and Customer Services) to update the Committee on current and forthcoming issues in his portfolio.

6. CAPITAL PROGRAMME DELIVERY

(Pages 31 - 54)

The report is attached.

**Stuart Love
Chief Executive
23 November 2018**



City of Westminster

Housing, Finance and Customer Services Policy and Scrutiny Committee

Committee date: 28th November 2018

Author: Councillor Rachael Robathan

Portfolio: Cabinet Member For Finance, Property and
Regeneration

Please contact: Verity Farnham
vfarnham@westminster.gov.uk 020 7641 5371

1. Finance (City Treasurer's Department)

Budget 2019/20

Revenue

- 1.1 A set of revenue budget proposals for 2019/20 were presented to Cabinet in October 2018 and recommended for approval by Full Council in November 2018. By the time Full Council met, proposals had been scrutinised to check whether a consultation was needed and were accompanied by Equalities Impact Assessments.
- 1.2 The savings requirement for 2019/20 outline the report above was predicated on an estimated budget gap of £26.300m and unavoidable service pressures of £9.548m i.e.

Core Funding Changes:	Total £'000
Net Business Rates Change (loss from RSG Roll In)	8,500
Sub-Total Core Funding Changes	8,500

Non-Core Funding Changes:	
Inflation	6,200
Risks	3,000
Pension Fund Deficit Recovery	4,000
Pressures	1,200
Capital Programme	3,400
Sub-Total Non-Core Funding Changes	17,800
Total Budget Gap	26,300

Unavoidable Pressures in Services	9,548
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Total Savings Requirement	35,848
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- 1.3 The final position for the 2019/20 revenue budget will be presented to Cabinet again in February 2019 and Full Council in March 2019. This will take account of the 2019/20 finance settlement from Central Government, final Council Tax Base and other necessary changes.

Capital

- 1.4 A set of draft budgets for the Council's capital programme was also presented to Cabinet in October 2018 and then to Full Council in November 2018 for approval. These were presented in the Capital Strategy Report and detailed budgets and funding for General Fund capital schemes for 2019/20 to 2023/24 and forecasted positions to 2032/33. Full Council approved the following capital budget:

	Forecast	Five Year Plan					Future Years to 2032/33	Total
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000		
Expenditure								
Adult's Services	291	1,068	200	200	-	-	-	1,759
Children's Services	9,094	11,956	12,958	585	330	-	-	34,923
City Management & Communities	84,687	66,752	74,688	26,697	22,686	18,491	1,200	295,200
City Treasurer	-	39,592	16,488	19,401	19,892	17,160	530,760	643,293
Corporate Services	3,910	1,465	310	390	3,070	1,050	10,083	20,278
Growth, Planning & Housing	176,151	205,589	165,292	216,748	156,081	92,184	302,255	1,314,300
FCR	31,327	3,250	675	400	-	-	-	35,652
Housing Subsidiary Companies	-	14,403	70,508	64,165	23,352	2,937	79	175,444
Total Expenditure	305,460	344,075	341,119	328,586	225,411	131,822	844,377	2,520,849
Funding								
External Funding	(133,937)	(71,025)	(54,542)	(20,262)	(16,942)	(11,607)	-	(308,315)
Capital Receipts	(96,147)	-	(47,645)	(43,205)	(8,900)	(193,886)	(36,613)	(426,396)
Total Funding	(230,084)	(71,025)	(102,187)	(63,467)	(25,842)	(205,493)	(36,613)	(734,711)
Net Funding Requirement	75,375	273,050	238,932	265,119	199,569	(73,671)	807,764	1,786,139

1.5 There will be a similar update for capital budgets in the final Capital Strategy Report for 2019/20 to 2023/24 and Housing Investment Strategy and Housing Revenue Account Business Plan 2019/20 presented at the same February 2019 Cabinet meeting and March 2019 Full Council meeting.

1.6 The final updates for capital will take account of positions and updated information as at period 9 of 2018/19.

2. Revenues and Benefits: Benefits Service

2.1 Council Tax & NNDR collection is on target to meet our year end collection targets, which would match the highest collection rates previously achieved by the City Council. The Council continues to lobby for improvements to the Business Rates Retention Scheme, including the removal of the risk of reduction in local authority funding due to successful rateable value appeals. The Council is represented on both of the central government working groups looking at the future of the Retention scheme.

The Transition from Housing Benefit to Universal Credit.

2.2 The transition of new claims for Universal Credit is being implemented to schedule, with the main Marylebone Job Centre having gone live in June and the Harlesden Job Centre on 21 November. The remaining Kensington Job Centre remains on schedule to implement new claims for Universal Credit for their associated postcodes in December 2018.

2.3 The City Council continues to meet with the Department for Work and Pensions (DWP) on a regular basis to ensure that the transition to Universal Credit is as smooth as possible for our residents. This has included the provision of a Housing Benefit officer and a Citizen's Advice Bureau representative on site at the Marylebone Job Centre to deal with resident queries.

- 2.4 The transition of existing Housing Benefit claimants is not due to start until 2020, although a potential test phase could commence in the summer of 2019.

Community Contribution

- 2.5 The Community Contribution has raised £400K so far. A further letter was recently sent to all Band H residents who have not yet made a contribution.
- 2.6 The Council has received a number of enquiries from other Local Authorities interested in the scheme, with the London Borough of Islington committing to a similar scheme in 2019/20.
- 2.7 The Council's Community Contribution scheme came second (Highly Commended) in a national "Innovation" award (IRRV – Institution of Rating, Revenues & Valuation).

Corporate Services

- 2.8. The programme to replace the BT Managed Services with the IBC Solution from Hampshire County Council is progressing and is in the final stages of implementation. The primary activity at this stage is the final transfer of data from Agresso and the need to load it into the IBC solution.
- 2.9 Before going live on 3rd December 2018, final "confidence testing" will be completed on Saturday 1st December by volunteers from both Westminster City Council and the Royal Borough of Kensington and Chelsea. Following this testing a final decision to "go-live" will be taken on at 5pm on 1st December assuming no critical problems are reported.
- 2.10 An extensive programme of Business Deployment activity is continuing. This includes regular communications to all staff, the development of training materials including "how to" videos, roadshows to increase awareness in key council buildings and "Focus Sessions" to highlight key features of the system to particular groups of staff.

3 Reorganisation and Key Staff Changes

- 3.1 New Executive Director for Finance & Resources appointed. Cllr Robathan sat on the appointment panel. Sara Sutton has been appointed as the Executive Director of City Management and Communities (CMC). Carol Culley, will be joining us in spring 2019 as Executive Director of Finance and Resource.

4 Regeneration

- 4.1. The Growth, Planning and Housing team is responsible for delivering the Council's target of 1,850 affordable homes by 2023. This target will be met through the delivery of an estate regeneration programme, high-level estate reviews and an infill programme on the Council's own land.

5 Church Street

- 5.1 The regeneration of the Church Street area is a key priority for Westminster City Council. Building on the progress made so far, and working with the local community, we now have an ambitious masterplan for the Church Street area. This will be delivered over the next 15-20 years.
- 5.2 Hatch Regeneris has been appointed to carry out the Commercial Strategy commission for Church Street. Over the coming weeks and months, they will be working with the Council and local retailers and businesses to consider options for affected businesses and what the future commercial approach for Church Street will be.
- 5.3 PPCR has been appointed as the Residents' Independent Advisor. They are a well-established social housing consultancy.
- 5.4 The next stage of engagement with the Church Street community is underway, talking to people about how we will assess options for the development sites. This will last until 7 December, with an exhibition at the Regeneration Base and events targeted at directly affected residents and businesses.

		<i>Business Plan</i>	<i>2018/19</i>	<i>2019/20</i>	<i>2020/21</i>	<i>2021/22</i>	<i>2022/23</i>	<i>2023 +</i>
			<i>Actual + Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Church Street Phase 2	Capex	309,233	6,024	13,915	26,429	28,681	58,309	176,147
P7 Position	Funding and Receipts	-262,852	0	0	0	0	-35,000	-131,099
	Net Capex	46,381	6,024	13,915	26,429	28,681	23,309	45,048

6 Ebury Bridge

- 6.1 The plans for the comprehensive renewal of Ebury Bridge are gathering pace. The work to remove Edgson House has commenced and signals the start of preparing the wider Ebury Phase 1 site for the construction of 100 new affordable homes. The new Phase 1 homes will start on site in 2020 and will allow the households that have been temporarily rehoused off site to return to Ebury Bridge. All the secure tenant and leaseholder households that live in the extended areas for the creation of new homes have been visited and their rehousing preferences carefully recorded.

- 6.2** The Ebury Phase 1 site will also allow some temporary or meanwhile uses of the land for several years ahead allowing a flexible use community building as well as other creative meanwhile uses that will benefit the wider neighbourhood.
- 6.3** The housing renewal market will be invited in December to give their opinion on the best way to engage with Westminster Council to secure the key Ebury outcomes. Housing funders, developers, contractors and rented home managers will be asked to give their view of how best to secure both the quality of homes and environment as well as the range of affordable housing options that Westminster needs.
- 6.4** The Council is developing a Wholly Owned Company (WOC) to ensure that Ebury can secure a wide range of partnership and funding opportunities. The WOC will also secure the continuing Council requirement that it leads the Ebury regeneration and retains the long-term ownership of land.
- 6.5** Following consideration of the market feedback the detailed planning application for Phase 1 homes will commence in early 2019 and will entail continuing, detailed consultation with residents on Ebury and the surrounding neighbourhoods.

		<i>Business Plan</i>	<i>2018/19</i>	<i>2019/20</i>	<i>2020/21</i>	<i>2021/22</i>	<i>2022/23</i>	<i>2023 +</i>
			<i>Actual + Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Ebury Bridge	Capex	61,545	15,459	23,573	24,885	8,328	300	53,033
P7 Position	Funding and Receipts	-152,101	0	0	-12,035	-36,106	0	-86,276
	Net Capex	-90,556	15,459	23,573	12,850	-27,778	300	-33,243

7 Paddington Green (Parsons North)

- 7.1.** The scheme was granted planning consent last year and will consist of 60 new homes, of which 19 will be affordable. The project also includes associated landscaping, providing amenity space for residents and public realm works to enhance the local area.
- 7.2** Prior to the new affordable homes becoming available to occupy, a Local Lettings Plan will be developed; this plan will set out who will be prioritised for the new homes with the aim of helping to address local housing needs. The Council has recently appointed Osborne as the main contractor who will build the new development on the land adjacent to Parsons House. Establishment of the site set up will commence in December and Westminster Council branding designs are being finalised for the hoarding. Building work will last just over two years and is expected to be completed in early 2021.
- 7.3** A “Meet the Contractor Event” took place in September and an updated communications strategy for the duration of the project is being developed in draft for approval. A Public Liaison Officer is now in place to engage with the local community for the duration of the works.

		<i>Business Plan</i>	2018/19	2019/20	2020/21	2021/22	2022/23	2023 +
			<i>Actual + Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Parsons North	Capex	27,185	2,843	13,994	10,193	559	0	0
P7 Position	Funding and Receipts	-35,890	-2,375	0	-17,945	-15,570	0	0
	Net Capex	-8,705	468	13,994	-7,752	-15,011	0	0

8 Tollgate Gardens

- 8.1** On site construction of the new homes, community centre and landscaping continues. The developer, Clarion, is reporting a revised full completion date of late summer 2019, with some initial homes due over to be handed prior to this from May. .. Improvement works to Tollgate House is also progressing - work will shortly commence on a new communal entrance. As the installation of new glass balustrades draws to an end, scaffolding around Tollgate House is being brought down. The next meeting with all residents will be 6th December.

9. Tenant Policy for Housing Renewal Areas

- 9.1** The council will shortly be consulting on an updated Policy for tenants in housing renewal areas. It will apply to tenants of all tenures where the council wants to acquire their homes in order to enable regeneration to go ahead. The rehousing options for council tenants will not change in that they have a right to a new home in the regeneration area, but the update aims to make the Policy simpler to understand and to improve the overall offer to tenants.

		<i>Business Plan</i>	2018/19	2019/20	2020/21	2021/22	2022/23	2023 +
			<i>Actual + Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Tollgate Gardens	Capex	10,005	504	9,688	0	0	0	0
P7 Position	Funding and Receipts	-24,380	0	-25,201	0	0	0	0
	Net Capex	-14,375	504	-15,512	0	0	0	0

10. Strategic Housing Options for Older People (SHSOP)

- 10.1** SHSOP is driving forward an ambitious programme in order to meet the anticipated demand for care provision for older people in Westminster and provide services to meet changing and often complex care needs.

11. Carlton Dene, Peebles House and Westmead

- 11.1** The consultation with residents at Carlton Dene, Westmead and Peebles House is now in its final stages. The response to date has been predominantly positive with many residents seeing the move to Beachcroft as a 'step up' in their care provision..
- 11.2** Five options for the sites were presented to residents of Carlton Dene, Westmead and Peebles. The current preferred way forward for the Council is for full redevelopment of all three sites (with Peebles and Carlton Dene becoming one site). Explanations have

been provided as to the Council's preferred way forward at consultation evenings held on the 6th, 7th and 13th November.

11.3 A report is currently being drafted which will collate and analyse responses and recommend a preferred way forward for cabinet members regarding the future of the 3 sites.

11.4 An OBC is being drafted for the delivery of all 3 sites which will be submitted in February 2018.

		<i>Business Plan</i>	<i>2018/19</i>	<i>2019/20</i>	<i>2020/21</i>	<i>2021/22</i>	<i>2022/23</i>	<i>2023 +</i>
			<i>Actual + Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Carlton Dene	Capex	48,803	216	902	14,747	19,490	13,800	331
P7 Position	Funding and Receipts	-43,160	0	0	-16,370	0	-3,900	-19,500
	Net Capex	5,644	216	902	-1,623	19,490	9,900	-19,169

12. Beachcroft

12.1 The Beachcroft House development in Maida Vale forms an integral part of the SHSOP programme. Once complete the development will provide 84 care bedrooms care home and 31 apartments for private sale.

12.2 Planning permission for the redevelopment was granted in March 2017 and following a competitive tender, Durkan Ltd, were appointed as the contractor.

12.3 The Contractor took possession of the site in November 2017, with the completion of the construction of the care home set for December 2019. This led onto the planned occupation of the development by spring of 2020.

12.4. The construction works have been delayed as a result of extended time required to decommission the existing substation, which sits on the footprint of the care home and commission a new substation elsewhere on the site. This has caused a fifteen week delay to the construction programme. As a result of this issue, the construction of the care home will now be complete at the beginning of April 2020 and ready for occupation by the end of June 2020.

		<i>Business Plan</i>	<i>2018/19</i>	<i>2019/20</i>	<i>2020/21</i>	<i>2021/22</i>	<i>2022/23</i>	<i>2023 +</i>
			<i>Actual + Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Beachcroft	Capex	27,564	13,000	15,076	2,309	0	151	0
P7 Position	Funding and Receipts	-25,933	-3,572	0	-12,085	-12,085	0	0
	Net Capex	1,631	9,427	15,076	-9,776	-12,085	151	0

13. The Infill Scheme

13.1 Ten new homes have now been completed as part of Phase 1 of the programme. Each site, comprising a mixture of basement and former office space conversions, presented their own construction challenges and required innovative design solutions. The quality

of finish that have been achieved on the new homes is being well received. The homes, which will be retained by the Council at social rent levels, have been let under local lettings plans. This has enabled the Council to address housing need in the local area, particularly cases of overcrowding. Start on site works will take place in November 18 on a set of additional Phase 1 schemes which will deliver a further 15 new homes on completion in mid-2019.

- 13.2** The programme has a rolling pipeline of sites that are being brought forward. These will be subject to detailed consultation with ward members and residents. Design teams have been appointed on the next phase of schemes that have the potential to achieve over 80 new homes across the City Council. The first of these identified sites, comprising six new homes, has been submitted for planning permission in November 18. Further planning submissions will take place in the coming months.

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City of Westminster

Housing, Finance and Customer Services Committee Policy and Scrutiny Committee

Committee date: 28th November 2018

Author: Councillor Andrew Smith

Portfolio: Housing and Customer Services

Contact: David Lee
dlee@westminster.gov.uk

- To ensure a smooth transition of CWH services back to in-house management while continuing to maintain and further improve service provision to CWH tenants and leaseholders
- Ensuring fire safety programmes are implemented to the Council's housing stock
- To Improve and expand on services around homelessness prevention
- Continue the digitisation of the Council's customer services and modernise the council's website to make our services easy to access

1. CityWest Homes (CWH)

City West Homes Board agreed on 6th November the termination of the Management Agreement by mutual consent (with WCC) with a termination date of 31 March 2019 (or such earlier or later date as the parties may agree)

Separate to the decision of the council to bring CWH back under direct council control with effect from 1/4/19 the council has asked CWH to close the City West Residential (CWR) arm of CWH. This is largely down to reputational issues due to being fined £15,000 by WCC Trading Standards in December 2017 and being placed on the rogue landlords and property agents database. Prior to making the formal decision to close down this trading arm of CWH, City West's board has agreed that a 2 week staff consultation is to run from 7-22 November 2018 subject to which the decision to close the CWR arm will be formally determined.

1.1 Contact Centre Update

The contact centre has experienced a number of challenges in recent months including high levels of staff attrition and sickness leading to a dip in performance. The contact centre also took back responsibility for repairs call handling from Agilisys in July.

An improvement plan is in place and a strong recruitment and training programme in progress. It is anticipated that the service will begin to stabilise during November. Focus for the remainder of 2018/19 will be to continue to improve the quality of service whilst delivering an improving level of performance in call handling rates.

1.1.2 Performance

In total, the contact centre received 59,751 calls in Q2, an increase of 1% from the previous quarter. The abandonment rate has increased in September; however year to date performance is within target at 8.1%. The Calls Abandoned target is 8%. Q1 and Q2 Performance can be found in the table below.

	April	May	June	July	August	Sept
Calls offered	19819	19322	19847	20195	20346	19210
First contact resolution	69%	74%	65%	62%	62%	54%
Average wait time	1:15	1:02	1:19	1:06	2:44	07:19
% calls answered in 30 seconds	69.17%	71%	65%	69%	46%	22%
% calls abandoned	3.9%	3.4%	4.6%	4.0%	9.7%	26%

Recently the IVR on the telephony platform was streamlined, which has removed the need for customers to navigate the previous complex system and deliver a more accessible service.

Average wait times significantly increased in September when the Contact Centre experienced extremely high levels of absence. In addition, the service was operating with a higher than usual number of vacancies. These vacancies have been filled during October with staffing levels now back to an acceptable level. It should be noted that more than half the staff in the contact centre are new recruits.

In order to deal with the expected increase in calls during the winter, from the 1st November all new repairs requests will be handled by Agilisys. This will also allow for additional capacity to facilitate the planned training programme for all Customer Service Advisor's. The Agilisys support will continue throughout the winter period up to March 2019.

The contact centre is also responsible for handling customer email enquiries. In Q2 10,176 were received and 56% were responded to two working days. Extra resources have been deployed to improve response times.

1.1.3 The issues affecting service delivery

A training program will be delivered during November to upskill staff. The programme will provide all call handlers with repairs refresher, product knowledge and systems training and upskilling on housing management and leasehold processes.

Additional training will also be provided on complaints handling and a day dedicated to customer service skills focussing on delivering services in a professional, positive and caring manner and developing empathy. To ensure the training is fully embedded a new survey that focusses on the way a call is handled is now in place.

1.1.4 Complaints

241 Complaints were received in Q2, with 191 in relation to a repair (79%) compared to 80% in Q1 of the total complaint volumes. The volumes of formal complaints have significantly reduced with 111 formal complaints received in July, 71 in August and 57 in September. There has been a considerable amount of work carried out with the repairs team to ensure that a quality response is issued to the customer.

Satisfaction with complaint handling is 53% year to date, this is based on 47 surveys, some customers have noted that the length of time taken to handle their response as a contributory factor to dissatisfaction.

1.2 Developing a Local Offer

The Local Offer is CWH's commitment to work with residents to identify and resolve local priorities.

The Housing teams will work in partnership with residents, the Council, other landlords, and private sector organisations to improve services, gain support for local initiatives, and give residents a voice in their neighbourhood.

The Local Offer will also cover other concerns residents may have, such as service delivery, maintaining their tenancy, the time and effort invested in the estate and open spaces, support with training, employment, welfare advice and making the community a cleaner and safer place to live. As a result, Local Offers may differ from area to area dependant on what is important to the local residents.

The aim is to –

1. Focus on issues that are important to residents
2. Improve consistency and efficiency of services to all residents
3. Engage residents in the shaping and delivery of services
4. Improve the maintenance and upkeep of the environment
5. Ensure Westminster neighbourhoods are safe places to live

1.2.1 Resident priorities

In order to ensure that the main issues for residents are captured a variety of methods will be used. These will include a survey, 5 Open Door events, group meetings and meeting Resident Associations.

1.2.2 Who is involved in the Neighbourhood Offer?

The Housing Services Advisors (HSAs) will lead on the offers for their patches. They will work alongside a group of residents, other departments and any organisation that may have an impact in the area. They will, by using their local knowledge, draw up a list of relevant key public and private sector organisations, depending on what issues and priorities have been identified e.g. Schools, colleges, health centres, employment and training services and the Police (safer neighbourhood team, crime prevention).

1.2.3 Service offer

Although Local Offers may differ from area to area there are some core activities that will be present in all such as –

Monthly Estate Inspections where our officers and contractors will inspect and action all block and communal cleaning, repairs and health and safety issues. The results of these will be published. These inspections have already begun.

Quarterly Walkabouts where housing officers and contractors will undertake a published quarterly estate walkabout which residents and councillors will be invited to attend. This activity will commence in November 2018.

Local Housing Surgeries which already take place will be reviewed during November. The surgeries are where residents get a chance to meet their housing staff to discuss and resolve any issues e.g. ASB and rent arrears. The review will focus on the location, frequency and services provided.

1.2.4 Timescales

The intention is to have an offer that covers all estates by March next year with the first one in place by January 2019.

During October a desk top exercise was conducted to ascertain the volume of the issues dealt with by front line teams e.g. arrears levels and levels of ASB. October also saw the commencement of the new regime for Estate Inspections.

During November the approach to Local Offers will be presented to the borough Councillors. November will also see the first Open Door event. The events will see the front-line service and other tenant focussed services delivered out on the estate or nearby locations. It will also be an opportunity to gather information on the issues of importance to the residents.

1.3 Parking - Use of Traffic Management Orders (TMO)

‘Informal’ consultation, involving a factsheet, a questionnaire and six drop-in sessions, has now been completed on all estates. We have received 404 responses.

The main themes that have emerged are as follows:

- Concern that licences for bays (granting exclusive use) will be replaced with permits to park anywhere in the location. This is a by-product of traffic management orders as the legal grounds for enforcement switch from contract law to traffic law. On the Hallfield,

Wharnccliffe Gardens and Lilestone Co-op TMO, there is significant opposition to the proposal and a request that these areas not be included and instead rely solely on the bollards that are in place

- Access for disabled and elderly residents to convenient nearby space where exclusive will be lost

CWH and WCC Parking and GPH will develop a response to these issues, and the view of Ward Councillors will be sought.

CWH will then provide feedback and an updated FAQ in conjunction with the WCC Communications Team to all residents, clarifying the response to the key points raised.

Alongside this, and as the project is now entering the more technical phase, WCC parking are reviewing the project governance arrangements and plan a dedicated project manager resource be commissioned going forward. This resource has now been recruited to lead on the WCC parking project.

The requirement for CWH to repeat the consultation has caused a delay but we are working to ensure roll out commences in February 2019. Details of the proposed next steps and a timeline will be provided by the end of December 2018.

1.3.1 Estate Services Contracts

The evaluation of the commercial element (pricing) remains outstanding pending the provision of information in respect of some in-house members of staff who may be covered by TUPE. The urgency for the need for this information has been stressed. CWH have met with Joyce Golder, Principal Solicitor to identify any associated risks with timeline, given the decision to end the ALMO management agreement, and to mitigate against these.

A paper requesting an extension to the current CWH contracts from 7 December 2018 to 31 March 2019 is being presented to Project Assurance Board on 13 November, and will be passed to the Cabinet Member for decision immediately afterward.

Section 20 Notices will be issued as soon as the evaluation is complete and this is now expected to be in the second week of December.

1.4 Repairs Performance

The creation and content of the Repairs Recovery Plan was reported to the September meeting, the plan is wide ranging and the benefits are now beginning to be realised as the plan is implemented across the Repairs section.

Morgan Sindall is working with CityWest Homes responsibly, collaboratively and engaging with CityWest Homes throughout as the plan is being implemented.

The service in general is more stabilised which has been assisted by Morgan Sindall relocating key members of staff to work alongside CityWest staff at the same office location, which as well as fostering good partnering relationships provides immense benefits in resolving everyday issues and understanding closely what these issues are.

This has also been mirrored in the contact centre, with 12 Morgan Sindall employees being located in the Contact Centre to assist with more efficient management of dealing with follow-on works, the categorisation of works and the general administration of the contract.

Current labour resources within Morgan Sindall is 55 directly employed operatives on the contract, comprising 47 operatives, 6 apprentices and 2 labourers. They are currently running a recruitment campaign to increase this to 60+ operatives. In addition, they utilise directly employed sub-contractors to assist with specialist work including scaffolding, and glazing.

Year to date, as of the end of September, overall resident satisfaction with repairs is averaging 81%, 96% of all emergency works are completed within 24 hours, routine repairs are averaging 75% with Appointments Made and Kept averaging 91%.

Currently, CityWest Homes is recording 99.8% of gas CP12's being valid, (2 outstanding) our CP15's communal boilers are 100% as are our water tank testing.

Electrical in-flat testing continues to be challenging due to gaining access to properties, we have an accelerated programme in place.

1.5 Planned Preventative Maintenance

In recent months, planned preventative maintenance programmes have been created. This entailed an analysis of repairs from the previous 18 months, which confirmed that 30% - 35% of all repairs are classified as being an emergency of which 40% relate to water ingress and blocked drains.

Further analysis via the creation of 'heat maps' was completed which identified the areas and blocks of most concern. A Planned Preventative Maintenance (PPM) programme has been created which Morgan Sindall are resourcing and implementing on a priority basis. This has already involved Churchill Gardens Estate, John Aird Court, Hallfield Estate and Grosvenor and Regency.

A team of operatives visiting the block, clear all debris from the flat roof and rodding and clearing downpipes and using drainage CCTV which videos the cleaned downpipe.

The initial results have concluded that many of the downpipes are extremely blocked with a wide variety of materials and debris being removed. Also concerning is the level of corrosion to the downpipes, in particular the cast iron, with many of these pipes running through concrete floor slabs, floors or brick walls.

CityWest Homes is reviewing the ongoing maintenance and renewal of these pipes to find a solution to reducing water ingress and repair the existing pipework, e.g. by inserting an internal sleeve, or applying a protective internal surface coating to the pipes. The details of which will be provided to the asset strategy team to programme into the capital investment programme for 2019/20 to assist with reducing repair demand for these types of issues.

However, early signs are promising. The Churchill Estate has had drains cleared to several blocks and following a heavy downpour over a recent weekend, no reports were received by the Call Centre of water ingress.

In tandem with the Planned Preventative Maintenance programme, and in response to the complexity of the type of leaks being experienced, CityWest Homes is ensuring a greater focus on

improving the diagnosis, tracing and repair of leaks, speeding up the process of gaining access, improving resident communications and ensuring consequential works are attended to.

As a policy, where there is a leak within a property and the operative attends and doesn't gain access, the repair is not permitted to be cancelled. Specific cards purely relating to leaks have been printed, notifying the resident they possibly have a leak in their premises and we require access, and have a dedicated telephone number to ring.

In addition, a review of gaining access to both tenants and leaseholders properties has been reviewed and refreshed, which involve local housing management teams.

1.6 Preparation for winter

CityWest Homes is preparing for the winter months. Following the winter of last year, much has been learned as the cold temperatures experienced expose any vulnerability within the housing stock.

A comprehensive winter plan is being created with the assistance of our term contractors and includes; resource levels for each trade, out of hours arrangements, provision of sufficient materials, bottled water for emergencies, ensuring that contractors have 'sized' their resources to the level of repairs presuming worst scenario etc.

Further discussions have taken place and are ongoing to ensure there are strong links with the Contact Centre, Housing and Estate Services with a read across to the Emergency Plan and Business Continuity Plans.

1.7 Resident engagement

Five open door events are being held from November 2018 – February 2019. WCC will be consulting CWH residents at these events over the future of housing services while CWH will help residents to report or chase repairs, talk with leasehold, fire safety, health and anti-social behaviour teams. It will be promoted to CWH residents via an invite flyer through their letterbox and posters in blocks, through CityVoice, the website and social media channels.

These will take place on:

- 26 November 3pm – 7pm at ETC Venues, 1 Drummond ate SW1 2QQ
- 1 December 1pm – 5pm at Greenside Community Centre, NW8 8SR
- 24 January 2019 3 – 7pm at Stowe Centre, 258 Harrow Road W2 5ES
- 28 January 2019 3 – 7pm at Moberly Sports Centre NW10 3NB
- 21 February 5pm – 7.30pm at St Anne's Church, Covent Garden W1D 6AF

2. Fire safety

2.1 Sprinklers

The Council's Policy and Scrutiny Committee met on 27 September 2018 to consider the recommendations from the Sprinkler Task Group. All recommendations were agreed by the Committee. I will now review the recommendations and respond to Policy and Scrutiny Committee on 14th January 2019.

2.2 Cladding (General)

Following the Government's consultation, they announced they will ban the use of combustible materials, including cladding from residential buildings over 18 metres high.

Whilst CWH expect building regulations to change within the year, they do not expect the new regulations to be applied retrospectively. This means that it will simply limit materials available to products achieving a European classification of Class A1 or A2 (limited combustibility).

However, as set out in my previous update, the Council is now considering alternative insulation solutions, as recommended by CWH including non-panel options, such as rendering. A final decision will be made by December 2018 on the future system to be used on our high-rise buildings.

2.2.1 Warwick and Brindley estate towers

Whilst re-cladding work is on hold until the insulation options are reviewed, residents continue to receive additional support via the dedicated CWH fire safety team on-site and monthly fire safety update newsletters.

In addition, fire door replacement work at Warwick and Brindley estate towers is taking priority and will commence within the year. Balcony resurfacing work will follow. These two large scale projects are taking longer than expected to coordinate, as there has been a change in contractors and work design.

2.2.2 Glastonbury House and Glarus Court

The precautionary cladding replacement work at Glastonbury House remains on hold for the reasons set out above. In the meantime, CWH are moving forward with the other important fire safety work, including the retrofit of sprinklers to flats. This work remains on track for completion by October 2019.

In addition, Glarus Court (low rise, extra care scheme) will also have sprinklers retrofitted to its 20 flats, within the next 12 months. Works are likely to commence in the spring following resident consultation later this year.

2.2.3 Torridon House

CWH have received approval from Building Control and are now waiting for Planning permission to proceed with the façade replacement work at Torridon House. The Council is working together with CWH to fast track the process, which can normally take up to 12 weeks.

2.3 Fire doors

The Ministry of Housing, Communities and Local Government (MHCLG) has completed its testing of Glass Reinforced Plastic (GRP) flat front fire doors and as a result are now moving on to test the wider market, beginning with solid FD30 timber doors. MHCLG have offered to include in their upcoming testing schedule any timber fire door manufacturers CWH currently have and so CWH will be providing them with a list.

CWH are continuing to inspect communal and flat fire doors, looking at findings and planning in work where required, using a risk based approach.

As a result of this work so far, the doors across Warwick and Brindley estate towers have been identified as requiring action first and work will start this year. All other buildings will be addressed and CWH will present the programme of priority buildings later in the year, once all inspections are completed and as information from MHCLG becomes available.

2.4 Bathroom window replacement at Ingestre Court

The work to install fire safety curtains over the bathroom windows at Ingestre Court remains on track for completion in November 2018, subject to resident access. Since the last update, CWH contractors have surveyed each flat, installed the required in-flat fire detectors and commenced fitting the curtains. The curtains will remain in the closed position until the system is tested and operating to standard.

2.5 Fire Safety Improvement Plan (FSIP)

The pilot of Fire Safety Improvement Plan distribution has started and residents have begun to receive these through the post. Councilors will receive an email copy of building's FSIPs within their ward.

The actions listed within each FSIP are identified as part of the recent Fire Risk Assessment (FRA) of the building. Residents do not need to take any action when they receive these plans, but can contact CWH directly on firesafety@cwh.org.uk or using an online form on the CWH website cwh.org.uk/fire-safety if they have any questions or concerns. Their questions will be answered by CWH's in-house team of fire safety experts.

Once the pilot is completed, CWH will review feedback from residents and Councilors on the content of the plans; the amount of detail and format of the plan and supporting documents, before FSIPs become part of business as usual operations.

3. Housing Policy

3.1 The Social Housing Green Paper

Consultation on the Green Paper, "a new deal for social housing", closed on 6th November and the council responded. The consultation asked 48 questions across a range of topics and the main points and proposals are:

Ensuring resident safety

- Government will respond to the proposals of the Hackitt review on fire safety and is looking at running a pilot on engaging residents in safety issues
- A review of the Decent Homes Standard is being considered

Effective resolution of complaints

- Residents should have a stronger voice to influence decisions, challenge their landlord and improve performance. Barriers to them seeking redress should be removed and residents should be supported to make complaints
- The role of the Ombudsman is being looked at

Empowering residents and strengthening the Regulator

- League tables for social landlords with key performance indicators on repairs, housing management etc, so residents are armed with performance information in order to make comparisons between landlords
- Consideration is being given to whether landlord performance should be linked to funding or to financial incentives and penalties
- Resident engagement needs to be more consistent
- Tenants should have a stronger voice over services and views are sought on different ways of achieving this
- Better value for money for leaseholders is needed with more transparency on service charges
- Stronger regulation is being considered

Tackling stigma and celebrating thriving communities

- Social housing residents can feel stigmatised and not listened to and the relationship with them and their landlords needs to be rebalanced
- Thriving neighbourhoods should be celebrated
- There could be a new performance indicator on neighbourhood management and tackling anti-social behaviour

Expanding supply and supporting home ownership

- Support for local authorities to develop new affordable supply (an earlier consultation proposed that councils should have more flexibility to use the receipts from right to buy sales to develop new supply)
- Local authority development should generally be through the Housing Revenue Account, but local housing companies are supported in some circumstances
- The higher value voids levy and the phasing out of tenancies for life, which were part of the Housing and Planning Act 2016, are not going ahead

- Social housing should be a spring board to home ownership and ideas are sought on how to achieve this

Overall the council supports the objectives of the Green Paper and has made the following points in its response:

- An updated Decent Homes Standard is supported and it needs to be more prescriptive in the areas of achieving gas and fire safety
- Social landlords need additional powers to ensure homes are safe and decent, particularly for leasehold properties
- A new performance indicator framework is supported, but care should be taken to ensure there are like for like comparisons, which take into account the age of stock and regional differences for example
- Residents can be supported to make complaints by training all staff about them, not just those involved in complaint administration, by enabling a verbal complaint to trigger the process, in the same way a written one does and by ensuring residents are aware of support available to assist them with their complaint
- Social landlords clearly have a role in tackling the stigma experienced by social residents, through treating customers with courtesy and respect, engaging with them, investing in neighbourhoods and through good design, they cannot do this alone however and it also requires the involvement of a range of organisations. Westminster has a good record in supporting mixed communities and its estates are particularly mixed with social tenants, leaseholders and private tenants
- Homeownership is difficult in high value areas such as Westminster and conventional shared ownership does not work well, new products are needed which are “mortgageable”.

3.2 Policies to support the housing renewal programme

A new Policy for Leaseholders in Housing Renewal Areas was agreed in September 2018. It sets out the financial compensation, rehousing options and general support for resident leaseholders where the council wants to acquire their properties to enable regeneration to go ahead. The updated Policy improves the offer to resident leaseholders.

It includes a new option for resident leaseholders to buy one of the new homes on a shared equity basis as well as with an interest free equity loan from the council. With both these options resident leaseholders are expected to have similar housing costs to now. The new Policy also has better provision for leaseholders to pass on these arrangements to their heirs, which will help to keep communities together.

The equivalent Policy for tenants in housing renewal areas is also being updated and a new draft Policy will be consulted on shortly.

4. Prevention Team

4.1 Supported Housing

4.1.1 Domestic Abuse Services

The Supported Housing Commissioner has successfully led on an ambitious re-procurement of our services to support women fleeing domestic abuse. Although not a statutory requirement, Westminster City Council remains committed to providing safe and psychologically informed environments for victims of domestic abuse and we were delighted with a strong response from providers to deliver this ambitious project. As we work through the procurement process, we expect to deliver the new service from 1st April 2019.

4.1.2 Mental Health Services

The Mental Health Commissioner has led, in partnership with Adult Social Care, the largest re-procurement of mental health housing in Westminster for some years. Specifications are now out to market and we are confident of a strong response. The re-procurement is an opportunity to review our response to vulnerable residents in need of supported living and we are proud that despite challenging financial times we have not reduced the bed spaces across the whole pathway – consistently delivering more provision than many other local authorities.

4.1.3 Westminster Assessment Centre

This project continues to be a vital resource in efforts to support rough sleepers away from the streets. Latest figures from quarter two have shown a significant impact to the flow of people arriving from across the UK onto the streets of Westminster; A new rough sleeper moved into the service every 2 days and someone moved out of the project to a more positive sustainable accommodation option every 3 days. This is a great achievement given the complexity of people our outreach services find on the street. We are now looking at ways we can build on that learning to offer more and more opportunities to connect people to the support they need to live sustainable lives away from the streets of Westminster.

4.1.4 Survivors UK

Westminster City Council is the first local authority to commission a specialist service to support rough sleepers who are survivors of sexual abuse. Levels of abuse amongst rough sleepers is hugely disproportionate, since the project began, eight people in our supported housing pathway have engaged with one to one counselling and support from a specialist worker, looking at a range of topics from childhood trauma to isolation. The Holistic Trauma Worker said: “It has been an extraordinary privilege to be given the opportunity to work in partnership with Westminster Homelessness Projects. Whilst it is evident that those who have experienced trauma are at far greater risk of homelessness, which is then a compounding trauma in itself, and whilst teams working in this field are familiar with a trauma-informed perspective, traditional therapeutic services simply have not been accessible for these communities. This pilot project has been set up with the aim of making therapeutic interventions accessible for those facing the multiple difficulties resulting from historical trauma and resultant homelessness.”

4.2 Trailblazer

From March 2018 – October 2018 the Trailblazer has completed prevention activities with 145 households. Most frequently, the primary interventions have been to provide specialised housing and prevention advice and to identify support needs or risk and to then link households in with appropriate specialist services.

Our six-month evaluation shows that for 96% of households the team have engaged with, their tenancies sustained and homelessness prevented through intervention from the Trailblazer team. The remaining 4% of cases had urgent housing needs with imminent risk of homelessness and provided with planned referrals and support into the Housing Options Service.

Alongside our six-month evaluation, an independent evaluation of Trailblazer was completed. The ten clients interviewed reported that they felt that their risk of homelessness was reduced after Trailblazer support; Person-centred support from Trailblazer resulted in clients feeling more able to deal with other life challenges. For example, clients reported feeling less afraid of opening 'official' emails or letters in the future and acting on those letters. Feedback indicated a reduction in stress and therefore people were better able to manage and sustain their tenancy:

'If it wasn't for them...explaining to me about my tenancy agreement.... yes, I would have gone mad. I would have been in out of the hospital, which is not good'

Clients reported that their caseworker helped them to deal with concerns which were different to their initial or presenting concern, evidencing that the Trailblazer team are completing thorough case work and assessments and successfully identifying underlying needs prior to households self-identifying and prior to the point of crisis. These findings indicate that the existing Trailblazer service is supporting its clients effectively.

The phase two ethnographic research project is complete. The research identified a number of community and voluntary groups who are influential in the local community, critical in the dissemination of information and messaging and in supporting local residents. We are developing an engagement and local joint working strategy with the ten priority stakeholders who have emerged from this research, aiming to meet with each of them over the next few weeks.

4.3 Homelessness

The Housing Options Service has continued the transformation of its delivery of the statutory service since the introduction of the Homelessness Reduction Act (HRA) in April 2018, towards a person focused service, adopting a proactive focus on keeping people in their homes or if this is unaffordable or unsustainable and linking people into alternative housing solutions.

In the first 6 months of the HRA implementation, we are still experiencing a high volume of homeless applications. This was anticipated as we now must treat all households who approach in housing need as an applicant; in comparison with 2017/18, we have experienced an average increase of 170% in homeless applications. The service has achieved a 30% increase in preventing people from becoming homeless compared to the same period in 2017/18.

As part of the team's wider communications and change strategy we have implemented a major update and review of the housing pages on the Westminster City Council website, including compliance with the Duty to Refer requirements under Homeless Reduction Act 2017, this will improve customer access and advice for the frontline statutory service and customer interactions. Additionally, officers have rolled out a comprehensive programme of engagement to stakeholders; sessions include information related to our new statutory duties and the revised partnership and

delivery model. These were attended by over 100 staff and is now being extended to external partners and delivery of a dedicated Members session.

WCC has been accepted as a Stonewall Champion borough, as part of wider work that is being carried out by the Organisation Development team in the area of inclusivity and diversity. The team have taken this as an opportunity to commission a bespoke training package for increasing awareness our frontline homelessness services when working with LGBT+ communities in the borough and will also include targeted community based outreach sessions, to target hidden homelessness within the community.

We have undertaken a 12-month, £600,000 office refurbishment, relocation and agile working programme for our frontline homelessness delivery. This has included:

- Roll out of digital and IT solutions that allows staff to work more agilely in the delivery of advice and preventions services through community based locations and co-location with partner services in a variety of locations across the borough, which completed in November.
- The creation of a dedicated back office in Charlwood Street to stream line services across the borough and a new front facing dedicated family centre in Bruckner Street, specifically designed to enable the service to work in a person centred way to engage with families more successfully. The service is now in occupation in both sites and we are working towards the official launch of the new Housing Solutions Service on the 28th November.

4.4 Transformation

The Service Transformation lead in the Prevention Team has been working to review the governance for the Housing Solutions Contract; the new arrangements have been agreed with all partners (WCC, Passage, Shelter and Places for People). Officers have established a new Programme Board to manage work streams related to resources, risks, culture change, social value and service delivery transformation. The day-to-day delivery of the contract will continue to be monitored by the Performance and Data group monthly that will also include a move towards implementing a predictive risk analysis data set.

The Housing Solutions partnership is working to provide a Service Delivery Strategy. One year after the launch of the new contract, we have tasked the providers to take stock of year one and to produce a strategy by March 2019 of where and how they will continue to make improvements to delivery of the service. The main components for inclusion are customer experience, training and development, technology, data and establishing a culture of continuous service improvements.

5. IT and Digital

Core performance of IT is good, with no significant service or compliance issues arising in last quarter. Significant structural change has occurred, with transition of separate Bi-borough Adults IT and Westminster Digital teams into the corporate IT function, and CityWestHomes IT staff due to transition April 2019. An increased demand for IT support to a range of change initiatives including IBC (SAP) migration, City Hall recant and Windows 10 rollout planning has been absorbed.

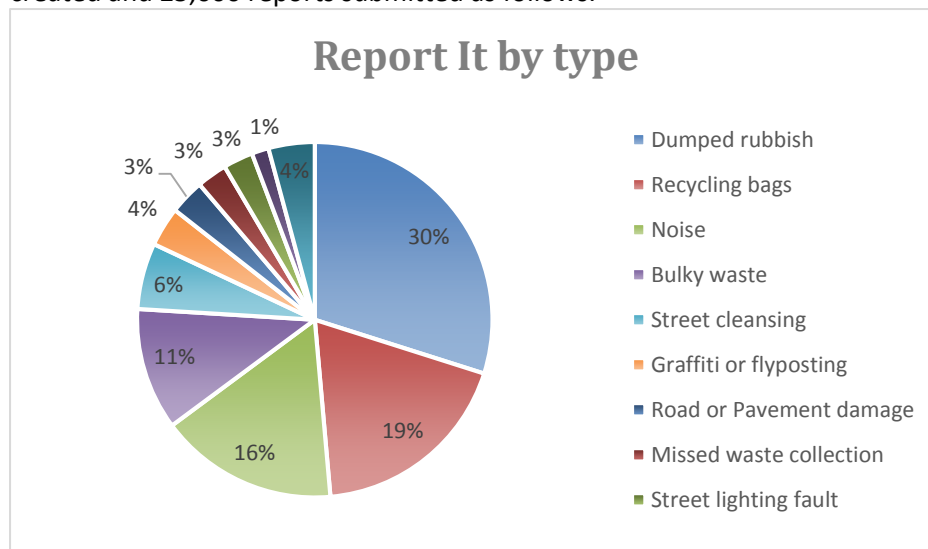
Significant emphasis has been placed on increasing digital delivery capacity for Westminster, with establishment of a new business programmes function (see below) and strengthening of architecture and portfolio governance. IT continues to work with ELT colleagues to refine and agree our wider portfolio of projects (including former digital initiatives), to maximise alignment with corporate policy priorities.

IT Business Programmes (includes former Westminster digital programme)

Corporate IT Programmes

Report It and My Account

Since implementation of this new solution in January 2018 there have been 10,000 user accounts created and 25,000 reports submitted as follows:



The underlying Microsoft Dynamics based technology platform is highly strategic for Westminster, and has delivered planned efficiencies through end-to-end integration with Council/subcontractor case management systems and workflows. However, significant usability issues have been raised.

To address these, the following improvements have been delivered over recent months:

- Removal of the requirement to register for an account to report street issues
- Review and simplification of the wording and complexity of individual report forms
- Comprehensive upgrades to the “Evolve” technology components, focussing on mobile integration and connectivity issues

Feedback to date has been broadly positive, whilst reinforcing the need for further improvements. An updated account portal and further form simplifications are scheduled for delivery before end December 2018. Furthermore the MyAccount solution will be extended to integrate with planning and licensing, supporting new “eConsultation” subscriptions to planning and licensing registers.

5.1 Contact Centre platform

Work is continuing to deploy the Microsoft Dynamics platform which underpins MyAccount into the Agilisys contact centre, replacing their existing Lagan technology. When completed at end of April 2019, this will allow the contact centre to fully support our online customers, and to use the same fully-integrated street reporting processes, improving efficiency and building a more holistic single view of our customers over time. This project will enable further deployment of our single customer

view into additional Council functions - including backoffice staff – as part of a future multi-channel contact solution which converges currently disparate Council and CWH operations.

5.2 Growth Planning & Housing, City Management & Communities IT Programmes

5.2.1 Effective Neighbourhood Working

Work has commenced, in anticipation of full business case approval, on a range of mobile working initiatives covering Food, Health & Safety, City Inspectors and the Residential Team. These require significant changes to internal system workflows (focussing on geographical area rather than professional discipline) as well as new strategic corporate capabilities including task scheduling based on resource availability and integrated mobile platforms. Delivery is expected in summer 2019.

5.2.2 eConsultation

Implementation of a new technology platform, integrated with MyAccount, and capable of replacing hardcopy consultation letters sent in response to planning and licensing applications (subject to approvals etc) is expected to complete by end December 2018.

5.2.3 Highways and Parking IT contracts

Highways technology requirements currently supported by the Council's existing *Confirm* technology include asset management and reporting, and streetworks have been subject to a recent procurement exercise. The results of this are now being reviewed to determine next steps, in context of wider opportunities of new parking contract (2020) and potential street licensing/permitting solutions.

5.2.4 CityWest Homes IT Transition

In addition to the transition of core IT staff and services (desktop, network, support etc) into the Council, opportunities are being taken to improve the service to customers wherever possible. IT are now reporting to transition board on several mobile working and contact centre initiatives intended to improve the service in the short to medium term.

5.3 Children's IT Programmes

5.3.1 Familystory

Work is proceeding towards December 2018 deadline for the first Alpha release of this platform to support practitioner engagement with families and better outcomes for children. The underlying Azure cloud hosting and local integration solutions are established, and a review is commencing on next phase approach including consolidation of historically separate legacy case management systems for Westminster and Royal Borough of Kensington and Chelsea (as well as London Borough of Hammersmith & Fulham who remain partners in this project).

5.3.2 Special Educational needs

Following market analysis and agreement on procurement approach, it is intended to award contract for a new Special Educational Needs case management system and commence transition in January 2019.

5.3.3 Access to Services

Award of contract to an established provider of Referrals & Family Hub technology is expected imminently, following which transition will commence. This is an external grant funded project.

5.4 Adults IT Programmes

We are working with Adults colleagues to supporting establishment of new customer-facing technology solutions including a web portal, e-marketplace and self-service tools.

- The new solutions will signpost and navigate residents to the most appropriate service / department, that offers greater integration with health and that support the Bi-Borough's Personalisation agenda.

- Staff and service users need an easy to use system that reduces time-spent logging on, navigating to information, services and products.
- Providers need a web portal that is informative, offers market and needs intelligence to assist with market shaping, that is easy to update and offers a way of promoting their services to residents.

Such a system will contribute towards the following strategic outcomes:

- Reduce and streamline current pathway activities
- Meet the Government Digital Service requirements around “Accessible design is good design”
- Enable ASC operational activities to be orientated towards delivering more care and resources to higher priorities and thus better value for money from operational budgets
- Facilitate greater choice and control for residents
- Offer improved outcomes for the borough and service users
- Manage demand for paid for services by supporting prevention and early intervention
- Facilitate greater number of providers operating in the social care markets

We have:

- Completed soft market testing with potential suppliers
- Drafted a commissioning and procurement approach
- Submitted a Capital bid for finance

Over the next quarter, we will:

- Host a digital visioning day on 26 November to start formalising our approach and to share our requirements with providers
- Have follow up 1:1 provider sessions to help shape our procurement approach with regards using a framework or OJEU Process
- Start WCC Gate processes to ensure compliance and integration with existing capabilities and data (eg MyAccount)
- Develop procurement documents
- Deliver a tender exercise in the New Year following which mobilisation and build will commence.

5.6 Workplace technology schemes

The major programme to upgrade over 3,000 officer laptop and desktop PCs to Windows 10, whilst also replacing existing hardware with new (primarily Microsoft Surface Pro) devices is in pilot phase, with full rollout (including to the Royal Borough of Kensington and Chelsea) due to commence in mid to late January 2019.

The IT refit of the refurbished Westminster City Hall, including new network and WiFi services and meeting room technologies is progressing, working with facilities colleagues.

6 Report It and My Account

Since the implementation of the initial Report It/My Account phase, without any promotion, there has been significant uptake with approximately 4,000 accounts registered, and 10,000 cases created.

There has been feedback from Councillors and customers that the Report It forms have not been as user-friendly as they could be. The feedback included that other Councils had implemented better solutions years before WCC had chosen to go with the Evolve platform. The areas of concern were:

- The need to register to use some of the forms
- The performance of the mapping feature
- The look and feel, particularly when accessing via mobile devices.

Many changes have now been made to the report-it in light with the comments and issues that have been raised, with continual improvements made to the user experience side of Report-it. To ensure that the tool is as customer focused as possible.

7 The Westminster website

The current WCC website was implemented in 2014 and drew on the style and success of the award winning GOV.UK website by using statutory design principles. However, many journeys on the website have been evolved to suit the needs of Council Services rather than users. The experience when carrying out transactions is fragmented. To address the root causes of the issues, beyond the aesthetics, work has commenced to revisit user journeys and interactions.

An external agency, Rainmaker, has been commissioned to review of the website through customer research, and provide a view of what customers hope to achieve when visiting, 5 'lightning sprints' has covered the following:

- Homepage
- Find It
- Apply & Pay
- What's New in Westminster
- Moving into Westminster

Incorporating the outputs from the customer research, a technical plan for implementation, as well as addressing the underlying technology has now been developed, the intention being that there will be a gradual, incremental role out of improvement to the website with final changes being made in Jan/Feb 2019.



City of Westminster

Housing, Finance and Customer Services Policy and Scrutiny Committee

Date:	28 th November 2018
Classification:	General Release
Title:	Capital Programme Delivery
Report of:	Stephen Muldoon, Assistant City Treasurer James Green , Director of Development
Cabinet Member Portfolio	Finance, Property and Regeneration
Wards Involved:	All
Policy Context:	City for All: City of opportunity City that offers excellent local services
Report Author and Contact Details:	Natalie Roberts nroberts@westminster.gov.uk

1. Introduction

- 1.1 The Council has an ambitious capital programme, with investment focused on achieving the City for All vision. The annual level of budgeted capital expenditure over the coming five years is set to be much higher than has historically been the case and so presents a number of challenges. Projects have to overcome a number of hurdles before getting to delivery stage, often this length of time is underestimated leading to the annual capital programme budget being underspent. This report outlines the key challenges in delivering the capital programme, the causes of delays and underspends and the work that is ongoing to address these in order to ensure the effective planning and delivery of projects.
- 1.2 The capital programme budget and the schemes it contains are reviewed by the Budget and Performance Task Group annually; this paper focuses on the issues encountered in the delivery of the programme against budget.

2. Key Matters for the Committee's Consideration

2.1 In receiving this report, the Committee may be considering the following questions:

- What are the obstacles for delivering the capital programme?
- How/whether project delays can be avoided?
- How can the Council ensure a higher delivery rate of the annual budget, for example could over programming be considered?
- To what extent do the issues identified cause concern for the Council?

3. Background

3.1 Overview

3.1.1 The Council has a significant capital programme across both the General Fund and the Housing Revenue Account (HRA). This supports the strategic aims of the Council, as defined in the *City for All* programme. These programme areas will deliver a wide range of benefits to the City, including:

- to assist in the delivery of 1,850 new affordable homes by 2022/23.
- new and improved leisure and education facilities, as well as enterprise space and improved public realm.
- investment in public spaces, transport and other infrastructure, to ensure the continued success of the West End as a business, leisure and heritage destination.
- improved cycle and pedestrian environments to facilitate safe and efficient travel in the City.
- well-maintained and efficiently managed infrastructure, allowing residents, businesses and visitors to enjoy clean, high quality streets.

3.1.2 The preparation of the capital programme is an integral part of the financial planning process, capital proposals are considered within the Council's overall medium to long-term priorities. This includes taking full account of the revenue implications of the projects as part of the revenue budget setting process.

3.1.3 The Capital Strategy 2018/19 to 2032/33 as approved by Council on the 7 November includes £2.521bn expenditure budget, funded by £0.308bn external funding, £0.426bn capital receipts with a £1.786bn net funding requirement, as demonstrated in the table below:

Table 1: Proposed GF Capital Programme 2018/19 - 2032/33

	Forecast	Five Year Plan					Future Years to 2032/33	Total
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000		
Development	82,180	75,457	144,096	185,038	118,128	47,044	302,309	954,252
Efficiency	31,327	3,250	675	400			-	35,652
Investment	-	71,900					-	71,900
Major Strategic Acquisitions	2,346	8,000	18,132	21,000	42,679	42,679	-	134,836
Operational	189,607	185,468	178,216	122,148	64,604	42,099	542,068	1,324,209
Total Expenditure	305,460	344,075	341,119	328,586	225,411	131,822	844,377	2,520,849
Funding								
External Funding	(133,937)	(71,025)	(54,542)	(20,262)	(16,942)	(11,607)	-	(308,315)
Capital Receipts	(96,147)	-	(47,645)	(43,205)	(8,900)	(193,886)	(36,613)	(426,396)
Total Funding	(230,084)	(71,025)	(102,187)	(63,467)	(25,842)	(205,493)	(36,613)	(734,711)
Net Funding Requirement	75,375	273,050	238,932	265,119	199,569	(73,671)	807,764	1,786,139

3.1.4 In addition the Housing Revenue Account (HRA) capital programme includes £1.408bn expenditure budget, funded by £0.778bn external funding, £0.535bn capital receipts with a £0.095bn net funding requirement over the same period, as demonstrated in the table below:

Table 2: Proposed HRA Capital Programme 2018/19 - 2032/33

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Future Years to 2032/33	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Major works	49,668	39,315	36,659	33,062	37,619	42,288	277,900	516,511
Regeneration	41,056	82,863	69,992	39,734	58,453	30,195	270,417	592,710
Other schemes	35,628	59,633	44,968	39,249	37,548	10,564	71,568	299,158
Total Expenditure	126,352	181,811	151,619	112,045	133,620	83,047	619,885	1,408,379
Funding								
External Funding	24,336	44,926	28,445	17,944	40,416	2,625	135,811	294,503
Capital Receipts	45,256	54,585	60,553	70,771	69,873	57,092	175,694	533,824
Total Funding	69,592	99,511	88,998	88,715	110,289	59,717	311,505	828,327
Net Funding Requirement	56,760	82,300	62,621	23,330	23,331	23,330	308,380	580,052

3.1.5 The General Fund and HRA capital programmes feed into the Treasury Management Strategy, this assesses the cash flow requirements of the Council and hence the projected borrowing requirements. With external borrowing costs currently close to record lows, it is sound financial management to consider arranging some of the projected borrowing now. This locks in the low rates available, supports the affordability of the programme and protects against future interest rate rises. However, there is a risk in a forward borrowing strategy, if the projected capital schemes are delayed or shelved the Council could end up paying interest on borrowing that is not required.

3.2 Past Trends

3.2.1 The annual capital budget over past years has been underspent. A summary view of the budget and outturn of the capital budget over recent years is set out in the tables below. In addition, Appendix 1 sets out the 5 year General Fund capital programme recently presented to Council with the top 15 projects within the programme.

3.2.2 Table 3: Gross Capital Budget and Outturn 2015/16–17/18 – General Fund

Gross Spend (£000s)	2015/16	2016/17	2017/18
Budget	94,697	151,192	276,601
Outturn	69,432	118,513	235,162
Variance	25,265	32,679	41,439
Outturn as % budget	73%	78%	85%

The table above shows the following gross budget trends:

- The outturn as % of budget has improved year on year from 73% in 2015/16 to 85% in 2017/18
- The capital programme is increasing year on year with more than 3 times the amount spent between 2015/16 to 2017/18

Table 4: Net Capital Budget and Outturn 2015/16–17/18 – General Fund

Net Spend (£000s)	2015/16	2016/17	2017/18
Budget	39,819	76,399	171,480
Outturn	27,903	52,886	141,958
Variance	11,916	23,513	29,522
Outturn as % of budget	70%	69%	83%

The table above shows the following net budget trends:

- The capital programme outturn has increased each year with more than 5 times net spent between 2015/16 to 2017/18
- 2017/18 outturn as % of budget was 83%, an improvement on the previous two years.

3.2.3 As can be seen from the variances above, the proportion of budget spent by the outturn has increased over the 3 year period. The introduction of Capital Review Group (CRG) and an improved budget setting process with the completion of Capital Programme Submission Requests (CPSR) forms has facilitated this improvement but it is acknowledged that further improvements can be made.

3.2.4 The tables below set out similar information in respect of the Housing Revenue Account (HRA), being the Council's stock of tenant housing under management.

Table 5: Gross Capital Budget and Outturn 2015/16–17/18 – HRA

Gross Spend (£000s)	2015/16	2016/17	2017/18
Budget	93,443	65,060	135,372
Outturn	54,685	57,559	82,167
Variance	38,758	7,501	53,205
Outturn as % of budget	59%	88%	61%

3.2.5 The 2017/18 budget and outturn were significantly up on 2016/17 figures. The majority of the underspend in 2017/18 related to regeneration schemes, which was due to ongoing negotiations with contractors, statutory service providers and developers, thus progress on schemes were delayed from the initial projections. Major works expenditure underspent due to the new term contracts being introduced and needing to mobilise but these are now reported to be in full flow.

3.2.6 There are positive revenue benefits as a result of underspends in the capital programme as financing costs are not incurred; for the 2019/20 budget proposals a revenue saving of £3.4m was identified due to past capital programme slippage. As a result there is not the financial imperative to ensure that all projects are spending in line with budgets. However, there are potentially long term implications of not delivering the expected financial and non-financial benefits (these could include increased housing provision; improved service delivery; more attractive areas and public spaces; improved wellbeing of residents) and an opportunity cost as schemes may be excluded or deferred to ensure the Council is not over committed.

4. Key challenges

4.2.1 Budgeting

Current situation - The capital programme is presented to full Council twice a year – in November and in March. This is updated for new proposed schemes, revised profiling, slippage and changes in expenditure projections.

As part of the budget setting process, each project requires a Capital Programme Submission Request form (see Appendix 2), which provides an overview on the following areas:

- Project information (including Senior Responsible officer, project manager, project category and asset life)
- Strategic fit (which cover alignment to City for All and broader local and national policies)
- Financial implications (including capital requirement over the five year capital programme period, funding, assumptions and revenue implications)
- Legislative and compliance requirements linked to the project
- Project dependencies
- Risks
- Project timescales
- Decisions to date and governance arrangements

The introduction of the Capital Programme Submission Request (CPSR) form as part of the capital budgeting process enabled greater scrutiny and challenge of capital proposals and challenged the directorates to question themselves as to why they were proposing certain schemes. Those which were simply rolled forward from year to year but were never spent, did not have a project manager and had no clarity were then able to be removed from the programme.

It is the responsibility of project managers to complete these forms including the budget requirements. These are reviewed by the Head of Service as well as being challenged by finance managers, with revisions then made. The capital programme for each directorate is reviewed in detail with each Executive Director including the profiling before being finalised for CRG review.

Council approval of the programme gives an allocation of budget to projects in the capital programme. Separate approval to spend is required on each project to spend against this budget allocation. Larger schemes require a business case to support the Council's investment, in line with the financial regulations, which is presented to CRG for recommendation and approval.

Challenges – The key challenges from a budgeting perspective are:

Uncertainty of costs – Many projects in the capital programme are at their initial design phases. At these early stages the work involved and advice required is not known and there is uncertainty about costs as advisors have not yet been procured. Project managers have a tendency to over budget to ensure they have budget available in case of a best/maximum case scenario – which results in budgets that are too large in year. Generally projects reliably spend in line with the budgeted profile once works have started; at this point detailed cash flows are provided by the contractor which can be used for budgeting purposes – and contractors provide early indications if there is anything that would affect this.

Contingencies – Currently a risk allocation of 20% is being used on new large-scale development projects, 15% of which is held corporately and 5%

held against the project. The value of the centrally held contingency is £243.293m over the life of the 2019/20 approved capital programme – this includes £150m of general capital programme contingency (£10m per year) and c£93m related to development projects. Contingency is calculated based on the spend in year. Given that projects tend to underspend in their initial phases but then overspend in their later phases, this profiling of contingency could be refined to reflect how contingencies are likely to materialise.

Borrowing – The Council does not have a need to borrow to fund the capital programme in the short term due to large cash reserves. The low value return on investing activities relative to the cost of borrowing means that Council resources are maximised by internally funding the programme. Slippage in the programme therefore does not currently lead to unnecessary interest costs being incurred. In the medium term however the cash balances are expected to fall away as the capital programme progresses and collection fund cash currently held is released. The difference between the capital programme and funding sources as shown in Table 1 lead to a net programme of nearly £1.8bn over the next 15 years and is effectively what the Council needs to borrow to fund the capital programme in the long run. Due to the current cash balances, projections estimate that c£800m in borrowing may be required over the next 15 years. The timing of when such borrowing will be required is subject to the capital programme being delivered as per the budget profiles provided by project managers. With interest rates at near all-time lows, consideration is being given to securing forward borrowing options for some of this requirement which will lock in low borrowing rates for 30-50 years but not be taken out for another 3-5 years.

4.2.2 Programming

Current Situation - Through recent reviews by the newly established PMO, it has been highlighted that there is an inconsistency in the approach to programming. This, along with varying levels of experience has, in many cases, resulted in optimism bias in relation to the timing of delivery. This is evident when applied to procurement, land assembly, planning, utilities, decision making and governance timelines. While this optimism bias is not conducive to the management of successful programmes, it is inclined to be more apparent at the earlier design stages of projects rather than when schemes are on site. Of course, this does present an issue and one that is currently being addressed through greater probity and correction by senior management and staff training. More detail on the types of issues that affect programming can be seen in the case studies in section 5.

Challenges – The key challenges from a programme perspective are:

Optimism bias - This may be caused by inexperience or under-estimation of the impact that issues not within the Council's control will have on the

timelines of the scheme. These issues are being addressed through a competency review and greater challenge by senior management and the PMO. It is the responsibility of services to ensure that programming is realistic and provide professional scepticism to the annual budgets requested.

Market conditions - The uncertainty and/or lack of understanding of current market conditions on occasion may result in untested assumptions, this is particularly true in the case of construction planning.

Capital receipts - The Council is dependent on capital receipts to fund the capital programme, these are generally obtained from development schemes post completion, after expenditure has been committed (17% of the GF capital programme and 38% of the HRA capital programme, totalling c£960m). This will involve the Council taking on the risk of selling residential units on the open market which will require close monitoring in future years, if these receipts are not secured in line with the profiling above there may be further borrowing required. In addition, a number of schemes are fully or significantly funded by external contributions (12% of the GF capital programme and 21% of the HRA capital programme totalling c£603m). If fully funded schemes are delayed this usually has no net impact on the Council's cash flow as both the funding and spending elements are delayed.

Acquisitions – It is particularly difficult to budget for acquisition costs (either as part of property investment acquisitions or strategic acquisitions linked to development projects) – the ability to acquire properties are dependent on opportunities materialising and negotiations can often be lengthy. At the same time, project managers want to ensure they have budget available for when these opportunities do arise. Acquisition cost budgets are now itemised separately if they represent a significant cost to the development project - to ensure that scrutiny can be given to the project delivery costs which are more within the teams control than the acquisition element.

4.2.3 Resources

Current situation - To deliver the Council's ambitious targets there is a requirement to invest in substantial resources, both in terms of funding and competent and committed personnel. This is particularly the case for large scale development projects and recommendations for enhancing the team were presented to Cabinet in September 2018, as well as identifying key risks and mitigations.

The portfolio requires strategic leads and operational staff from Development, Finance, Procurement, Legal and Communications with a shared objective, working collaboratively as a virtual project team to deliver multi-faceted projects. At its peak there is a programme requirement for circa 100 full time employees across multi disciplines if we are to maintain momentum and

ensure delivery. Closer alignment between the new development team and skilled resources within the support services such as procurement, legal, finance and communications is beginning to expedite the governance and project approvals process.

In recognition of the resourcing demands necessary to deliver the programme at pace, as of January 2018 the WCC and CWH teams were integrated to form a virtual team for a 12-month trial period. The new development team has been subject to an entire restructure consisting of development teams concentrating on workstreams up to planning approval; a construction team focussed on procurement and on-site delivery; and a programme management office ensuring thorough and consistent financial, programme and risk reporting.

The new Programme Management Office (PMO) is providing greater transparency and accuracy in the reporting, including commercial probity and quality assurance in programming and delivery probability.

These steps are enabling delivery of development and regeneration programmes more effectively and efficiently. The proposal is to now make this a permanent arrangement, supported further by the decision to terminate the CWH management agreement.

Challenges – The challenges in relation to resourcing are:

Recruitment - Despite a number of new appointments, recruitment and retention are a major challenge as competition for experienced, high calibre development professionals is extremely competitive within both public and private sectors.

In addition to development professionals, commissioning expertise is also at peak demand. The current portfolio shows our commissioning needs will be at its greatest in Q2 2020, and it will be essential to address resource requirements well in advance of this date.

Timing - The development projects typically have a life-span of 30 months pre-construction, and 12 – 24 months construction; whilst improvements brought about by the development team restructure and PMO this year are beginning to add value through consistent budget variance reporting, early mitigation of risk through detailed programme analysis and alignment of governance approvals, it will take time for the full benefit to take effect.

Operational challenges - The pace at which the restructure has moved, has impacted the team as they have needed to deal with issues including:

- IT – CWH colleagues have been required to access WCC systems using remote access. This is both slow and prone to intermittent service.

- Logistics – Co-location of the teams has required more than one office relocation and there remains a requirement to operate across multiple sites.
- Changes in process and management.

4.2.4 Governance and risk management

Current situation: The following governance and risk management arrangements are in place:

Capital Review Group - The main forum for reviewing all financial aspects of the capital programme is the Capital Review Group (CRG). This group reviews the strategic direction of the programme, ensures outcomes are aligned with City for All, significant projects have a viable Business Case and that Value for Money (VfM) is delivered for the Council. It also monitors the expenditure and funding requirements of the capital programme and subsequent revenue impacts. Cabinet and Cabinet members remain decision makers but CRG which as a group has a detailed understanding of the whole programme recommend projects for approval.

Programme Management Office (PMO) - The PMO was established in September 2018 in collaboration with finance, the purpose of the PMO is to provide a stable framework and robust governance that supports and oversees all project teams and stakeholders to improve the probability of successful delivery of projects.

Risk Management - Major capital projects require careful management to mitigate the potential risks that can arise. The effective monitoring, management and mitigation of these risks is a key part of managing the capital strategy. Some key risks around the capital programme are demonstrated below:

- Interest Rate Risk – As noted in para 3.1.5 i, interest rates are variable and a rise could increase the cost of servicing debt to a level that is not affordable. To mitigate this, the Council has used interest rate forecasts that include a prudent provision.
- Inflation Risk – Construction inflation over and above that budgeted by the council's professionals and advisors, and built into project budgets, could impact on the affordability of the capital programme. This is mitigated through the provision of contingencies, updating estimates regularly as they change and monitoring the impact through governance processes.
- Market health / Commercial Values Risk – The Council's capital programme relies on commercial activity including commercial income and capital receipts. Should market movements mean that these assumptions are inaccurate, then this will impact the Council financially.

To mitigate this risk, the Council relies on expert advice on future asset values in making its decisions.

- **Transfer Risk** – When the Council plans and delivers projects it is important to consider the risks associated with the project and whether the Council (or its subsidiaries such as Westminster Housing Investment Ltd) is the best placed to take on that risk. A key consideration for major capital schemes is whether these will be developer led or whether the Council will self-develop.

Challenges – The key challenges from a governance and risk management perspective are:

Programme risk - Managing risk and in particular transfer risk about how the Council wants to deliver projects and ensuring there is a holistic programme level approach to this rather than reviewing each project in isolation. This links to a programme based approach to risk management which the PMO are exploring in more detail.

Timescales - It is important that the governance process is fully understood and factored into the programming. The key gateways for large development projects are the completion of the business cases (with three phases) which are submitted to CRG. Further review is underway to investigate whether this could be more streamlined, particularly considering procurement governance.

5 Case Studies

5.1. The following two case studies illustrate in more detail the nature of the challenges faced on a capital project, particularly those which are development or regeneration in nature. The issues faced will be common across many other projects.

5.2. Beachcroft Care Home and Housing Project

5.2.1 Project Overview:

Beachcroft House is a scheme comprising an 84 bed care home and 31 residential open market sale units. The project is in the Maida Vale Ward. The project forms the first stage of the SHSOP (older people's housing strategy) and is designed to provide new accommodation for all current residents of Carlton Dean and Westmead care homes. An outline business case was completed in September 2016, which considered various possibilities for development, including extending and refitting the existing Beachcroft pupil referral unit to provide care accommodation. Following this evaluation, it was proposed to redevelop the whole site to provide a new care home with sale housing to cross-subsidise the overall development.

Current Status:

The construction of Beachcroft House commenced in November 2017, and is due to reach completion in June 2020.

The main contractor procurement was carried out via a two-stage tender through the London Construction Programme framework. Following evaluation, the successful bidder, Durkan, were appointed under a pre-construction services agreement, with Cabinet Member approval achieved in May 2017.

Challenges:

Land Assembly: Despite the site being declared redundant as a pupil referral unit, a delay by the Secretary of State approving change of use from education to residential delayed the appointment of a contractor and subsequent start on site.

Planning: A planning application was submitted in November 2016 with consent granted in March of the following year. The most contentious issue during the planning process was the level of car parking that was feasible on such a constrained site. Concerns were raised by residents of Delaware Road, that street parking levels would be put under pressure.

Procurement: The governance approval period necessary to procure a contractor, particularly procurement gate approvals, took longer than originally programmed. This was due to a lack of visibility in contractor clarifications regarding the PCSA scope of work and associated timeline. However, the resultant delay ran concurrently and was absorbed within the Secretary of State's approval for change of use which is outlined separately.

Partnerships: The original project was linked to SHSOP which was a partnership with the NHS, however consensus could not be reached around the project therefore the Council decided to withdraw and deliver Beachcroft independently. Since then progress has been made. Adult Social Care are the lead client for the care home and Children's Services are responsible for the Secretary of State approval for change of use.

Construction: Procurement of the contractor via a two stage tender process was straightforward with the use of an external framework agreement. However, the initial stage took longer than was originally envisaged. This was due to a combination of under programming, further exacerbated by complexities of ground conditions requiring piled foundation design. In addition to this, a 15 week extension of time has been awarded to the contractor due to delay by the utility company in the providing the substation.

Lessons learnt:

The above challenges demonstrate the significant influence and delay that third parties can have over the progress on a major scheme (Department for Education, NHS, resident consultation, utilities). The land assembly of Beachcroft was particularly onerous due to half of the land sitting within the HRA and half in the general fund which required appropriation and a Secretary of State for Education approval for change of use, even though the land had been declared redundant. Engagement with third party decision makers from the very outset is critical, approvals identified at an early stage and plans set out and managed actively in order to conclude such negotiations swiftly.

Critical dates for agreement with utility companies are now considered from the very earliest stages of the development programme; previously this was seen as a construction-related activity. The development managers are now required to set target dates for resolution of utility legals, this allows the legal team to assign resource early on to engage with the utility companies and their legal advisors. The dates for resolution are recorded in project status reports and the risk around each utility is RAG rated and monitored on a monthly basis. Utility companies are notoriously difficult to deal with, so there is always a risk that issues will arise on future schemes, but all reasonable measures have been put in place to ensure that there is a reduced likelihood.

Thorough and detailed assessment of the workstreams contained within the first stage; Pre-contract Services Agreement (PCSA) are reviewed with the development and construction teams at the earliest opportunity to ensure that the programme is accurate and allows a degree of 'programme float' should the need arise.

5.3. Housing project (Parson's North)**Project Overview:**

Parson's North is a new build development of 60 units comprised of 19 affordable units and 41 private units. The development is in Little Venice.

Current Status:

The project is currently in development and is due to commence on site in December 2018 with an enabling works package, with the main works commencing in March 2019. Handover of the site and the affordable units is due in March 2021.

Challenges:

Design and delivery model: The scheme was originally a development agreement delivery model. However, the developer withdrew citing capacity issues, resulting in significant delay to programme. Following a review of alternative delivery models, WCC is now self-delivering the scheme, a decision supported by Ward Councillors. The project was redesigned,

planning approved, tendered and a contractor appointed. A subsequent review of design, following the Grenfell tragedy resulted in a redesign of common parts and living accommodation to maximise floor space and enable the installation of a sprinkler system. This resulted in a delay in planning submission by eight weeks.

Resourcing: A lack of project management continuity due to personnel leaving the City West Homes project management team. This is potentially a wider industry issue. The integration into the council has helped this situation.

Land Assembly: The site, whilst in Westminster's ownership, has a TFL easement running along the Edgware road boundary. Permissions required for binstores, arboricultural works and build over licences have been protracted.

Planning: Material amendment to accommodate revised layouts have delayed the construction period by approximately 3 months.

Partnerships: The decision by the development partner to pull out of the agreement resulted in significant time, cost and delivery implications for the scheme.

Procurement: The governance approval period necessary to procure a contractor, particularly procurement gate approvals, took substantially longer than originally programmed, resulting in a 3 month period before the contractor was appointed. This was due to a lack of visibility in contractor clarifications, a protracted post tender negotiation and resultant delay in executing the Pre-Contract Services Agreement (PCSA).

Construction: The contractor was appointed on a two-stage design and build contract. The initial stage, consisting of an enabling works and detailed design package has taken 11 months, almost 5 months longer than originally programmed. This is due to the building redesign and associated material planning amendment. The contractor is due to commence demolition works in the new year.

Learning:

In respect of the TfL easement, the scheme could have been designed not to utilise any of the TfL Land, but this would likely have reduced the number of units achievable on the site. Alternatively, the council could have attempted to stop up the highway at the start of the design process, but this would probably have had an objection from TfL. Ultimately, the project programme should have taken a more realistic view of the timescales associated with reaching agreement with TfL and process to prevent this reoccurring have now been put in place.

Keeping the principal of Design & Build contracting to maximise risk transfer to the contractor, the scheme could have considered a single stage route. This option has the potential to provide a lower priced contract and contract programme, but there would have been increased risk in the final contract for WCC and less control on final quality. Another option would have been to utilise a framework as opposed to OJEU procurement, potentially engaging the contractor ahead of the planning submission for maximum contractor input. To maximise on these lessons, procurement strategies are considered at the start of the approvals process and additional resources are being secured within the Procurement function.

In general, projects and programmes are now interrogated much more rigorously by the Development Leadership Team and the PMO. The effect of this level of scrutiny and challenge impacts on the selection of procurement routes, as well as ensuring that the team have properly considered the time line for a project. In addition, there is greater collaboration between the development team and the construction team and other operational functions to review the project and provide advice in the early stages.

6. Conclusion and next steps

- 6.1.1 Inherently, given the size of the capital programme and the complexity of many of the projects the Council is undertaking, there will be delays and many projects may take a number of years before start on site. As outlined in this paper there are challenges but over the last couple of years, a number of improvements have been made including increasing the capacity and expertise of the development team and embedding the role of CRG as the gateway to approval. However, it is acknowledged that further work can be undertaken to further improve the delivery of the capital programme and prevent slippage as outlined below.
- 6.1.2 The PMO are currently addressing issues around programming and the profiling of project spend to ensure these are more accurate going forward and therefore reduce the level of slippage in the capital programme. Many of the issues in the case studies above relate to delays caused by negotiations and dependencies on external stakeholders. The response to this is to both recognise an increased amount of time in the planning and budgeting; and to address how the barriers and issues are dealt with by confronting/escalating them sooner and putting more (or more experienced) resource to work on the issue. However, some of the delays are to a large extent unavoidable and necessary to address in order to proceed. The issue of a delay then becomes a matter of perspective – if understood, planned for and well-managed, including in the financials, then the delay becomes part of the recognised project timeline.
- 6.1.3 With SAP being implemented from the start of December 2018, focus will need to be given to ensuring that project managers understand how to use the system and the embedded/implicit responsibility to forecast their projects accurately.

This will need to be monitored in order to ensure that forecasting does not deteriorate in accuracy in the short term, but with the right focus improvements could be made and better analysis and forecasts could be derived.

- 6.1.4 Governance and communication/ alignment between departments internally is within our control and more easily addressed with focus and clearer ways of working. The PMO are also reviewing the governance of development projects to ensure alignment for all functional areas of project approval. E.g. procurement, finance, legal and other such areas.
- 6.1.5 There will be a review of the profiling of the project contingency budgets, especially as most projects will only need to draw down a centrally held contingency towards the end of the project. Therefore rather than increasing the project budget through the life of the contract by the contingency %, this could be added onto the last year of the scheme. As a multi-year scheme progresses it will become clearer as to whether the full contingency will be required and when, such that by the time the final year budget is set, any excess contingency budget can be removed. Furthermore, the £10m annual central contingency could be scaled back to say £5m on the basis that directorates may be asked to re-profiled within their own budget for the year before calling upon the central contingency. The general corporate contingency has not been utilised to date.
- 6.1.6 As to whether over-programming the budget in order to deliver a higher proportion of the overall budget, there are some potential risks to consider:
- It might in fact lead to an overspend in year which creates funding issues
 - Internal capacity would be strained in trying to deliver more schemes and prioritisation becomes challenging
 - It may create greater pressure on services to deliver across a wider number of schemes
 - Senior manager/executive level capacity constraints may lead to a bottleneck in ability to work across too many schemes
 - It produces a lack of clarity in reporting and monitoring

However, a 5% reduction has been applied to the capital financing cost for the 2019/20 capital programme which was approved by Council in November. As indicated in this report the capital programme has increased year on year and historic trends show that some matters outside of the Council's control may materialise on projects which no longer make them viable and/or desirable to deliver. This treatment helps to prevent the capital financing costs being overstated, for the next iteration of the Capital Programme it will be considered whether this adjustment can be applied to the net capital programme which will be monitored during the year, instead of the capital financing costs element. The goal however remains that services should accurately budget and therefore the reduction should not need to be applied.

6.1.7 Improvements to reporting will be considered, e.g. to show different categories of project (operational, development, etc) and what stage the development projects are at, to give greater insight into the likelihood of unrealistic budget phasing. Greater focus could be considered for the larger projects as well. Investment/acquisition spend is more opportunistic in nature and hence underspends on these categories more understandable and not indicative of problems in managing the capital programme.

6.1.8 In addition to the actions outlined above, further actions in relation to the development team include:

- A draft business case is in preparation to address the resourcing requirements as outlined and approved by Cabinet in September 2018. This is due to be approved in November 2018.
- Work is well underway in terms of reviewing existing competencies to identify gaps, and to put in place a tailored learning and development programme which will create opportunities for personal development.
- Linked to the above, a comprehensive review by senior management is in progress, providing challenge in respect of programming and planning assumptions. Training plans are being developed to ensure proficient levels of competency in programming, using best practice industry tools. Through data analysis the PMO will apply intelligence harvested through examination of trends, market conditions and lessons learnt to provide a greater level of accuracy in future planning.
- Recruitment campaigns will continue aimed at attracting the best. Next campaign is due December 2018.
- The creation of multi-functional teams supported by operational staff from development, finance, procurement, legal and communications with a shared objective is underway.

**If you have any queries about this Report or wish to inspect any of the Background Papers please contact Natalie Roberts 020 7641 8165
nroberts@westminster.gov.uk**

APPENDICES:

Appendix 1 – Top 15 schemes in the 2019/20-23/24 capital programme

Appendix 2 – Capital Programme Submission Request form

BACKGROUND PAPERS

Capital Strategy 2019/20 to 2023/24

Top 15 Spending Projects In 5 Years Capital Strategy (2019/20 - 2023/24)

Projects	Category	Lead Directorate	2019/20	2020/21	2021/22	2022/23	2023/24	Total of 5 Years (19/20 - 23/24)
			£000	£000	£000	£000	£000	£000
OXFORD STREET DISTRICT	Development	GPH	50,000	50,000	50,000	-	-	150,000
CAPITAL CONTINGENCY	Operational	City Treasurer	39,592	16,488	19,401	19,892	17,160	112,533
STRATEGIC ACQUISITIONS - LEISURE REVIEW	Acquisitions	GPH	-	4,500	21,000	42,679	42,679	110,858
DEVELOPMENT SCHEME 1	Development	WOC	3,086	26,633	36,528	10,000	-	76,247
PROPERTY INVESTMENT SCHEMES	Investment	GPH	71,900	-	-	-	-	71,900
41 WHITCOMB/HUGUENOT HSE REDEV	Development	GPH	1,549	6,000	33,108	24,053	1,027	65,737
LISSON GROVE PROGRAMME	Development	GPH	3,905	12,000	18,000	12,000	12,000	57,905
CARLTON DENE	Development	GPH	428	14,747	19,490	13,638	331	48,634
REGENERATION SCHEME 2	Development	WOC	4,150	22,855	19,886	-	-	46,891
WASTE FLEET PROCUREMENT	Operational	CMC	-	42,000	-	-	-	42,000
REGENERATION SCHEME 1	Development	WOC	3,077	10,977	7,751	13,352	2,937	38,094
FUTURE EDUCATION NEEDS	Operational	GPH	650	5,000	10,000	15,000	5,000	35,650
WESTMINSTER BOATING BASE	Development	GPH	582	5,134	12,147	10,000	3,000	30,863
PLANNED PREVENTATIVE MAINTENANCE - HIGHWAYS	Operational	CMC	5,090	5,243	7,405	5,590	5,800	29,128
PUBLIC REALM IMPROVEMENT SCHEMES	Operational	CMC	7,378	6,500	5,000	5,000	5,000	28,878
Total			191,387	228,077	259,716	171,204	94,934	945,318
Other schemes			152,688	113,042	68,870	54,207	36,888	425,695
Grand Total			344,075	341,119	328,586	225,411	131,822	1,371,013

Capital Programme Submission Request

The Capital Programme Submission Request is part of the Capital Programme budget setting process. If approved a budget will be earmarked in the capital programme; however, the scheme will subsequently have to follow standard approvals for authorisation of expenditure.

Scheme Name:		Department:	
Senior Responsible officer:		Project manager:	
Cost centre/Project code:		Project category:	
Cabinet portfolio:			
Asset Type:		Asset Life:	

Project Description

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Strategic Fit

Score: X/5

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Financial

Score: X/5

Capital requirement (2018/19 – 2022/23)

£'000	2019/20	2020/21	2021/22	2022/23	2023/24	Future years	TOTAL
Capital cost							0
Capital funding:							
<i>Grants</i>							<i>0</i>
<i>Capital receipts</i>							<i>0</i>
<i>Other - External</i>							<i>0</i>
<i>Other - Council</i>							<i>0</i>
Total Capital funding	0	0	0	0	0		0
Net capital budget required	0	0	0	0	0		0
<i>Council capital budget requirement as a % of total cost</i>							#DIV/0!

Capital funding

Current year budget

Current year budget: £Xm

Will the current year budget be required to be slipped into future years if not spent? *Yes/No*

Assumptions and sources of financial information

Revenue implications

Links to Medium Term Plan (MTP): *Yes/No*

If yes please provide the MTP reference:

Annual saving/income expected as a % of Council capital budget required:

Legislative and compliance

Score: X/5

Indirect need

Score: X/5

Risks

Score: X/5

Risk	Mitigations	RAG rating

Project timescales

Phases	Expected start date
Design	
Procurement	
Start on site	
Practical completion	
Completion	

Governance

Forum	Decision made	Date

VAT Implications (to be completed in conjunction with Finance)

Guidance notes

PROJECT INFORMATION

Scheme name – Name as it should appear within the capital programme

Department – To include directorate and service

Senior Responsible Officer – The responsible officer for the project, which may be at Executive Director Level or below

Project manager – This can be the project manager or the current project lead at a service level

Cost centre/Project code – This will be available if the project is currently within the capital programme

Project category – Indicate if this is an operational (e.g. standard project for a major repair or improvement to an existing asset) or a development project (e.g. a key scheme that is expected to deliver improvement in services or savings/income)

Cabinet portfolio – State the cabinet portfolio the project will be reported under

Asset Class and Asset Life – Select from the below table:

Asset Class	Asset life (yrs)
Equipment	3
Intangibles	3
REFCUS	7
Infrastructure	15
LAB	40
INVPROP	40
Community	50

PROJECT DESCRIPTION

Provide a brief description of what the project is including the location, scope and nature (e.g. maintenance, redevelopment).

STRATEGIC FIT

Include the expected project benefits and how this links to key local, regional and national policies. Suggestions include:

- City for All
- City Plan
- Westminster Routemap to Success
- Greener City Action Plan

Broader considerations include:

- Economic prosperity and social value
- Health and Wellbeing
- Community cohesion
- Schools and Education

FINANCIAL – TO BE COMPLETED IN CONJUNCTION WITH FINANCE

Capital requirement – The table is an embedded Excel spreadsheet. Please double click on this and complete in line with the below (note only white cells need completing, all blue cells will be calculated automatically, figures should be in £'000 and all figures entered should be positive):

- Expected capital costs for 2018/19 to 2022/23. For 2018/19 this should detail the additional budget required in that financial year – for any budget that is required to be slipped from 2017/18 this is covered at the 'Current Year Budget' below
- Expected capital funding for 2018/19 to 2022/23. This should be split between 'Grants' (external grants with separate grant agreements); 'Capital receipts'; 'Other - external' (direct private or public sector funding not linked to grant agreements e.g. TFL); and 'Other – Council' (this should include S106, CIL, Affordable Housing or reserves). Then include a sub-total for the funding.

- Net capital budget required – The difference between ‘Capital cost’ and ‘Total capital funding’ will be calculated automatically. This indicates the net requirement from the Council to fund the scheme

Capital funding – Detail whether capital funding is secured or unsecured

Assumptions and sources of information – Summarise the assumption or sources of information for the capital funding and costs e.g. Quantity surveyor report, condition survey, desktop analysis

Current year budget – Please detail here the 2017/18 capital budget if there is one available. Then please indicate that if the full allocation is not spent in year (e.g. due to a delay) – whether this will be need to be transferred to future years. In most cases, with a project that spans more than one year, this is likely to be the case.

Revenue implications – Detail here any revenue implications e.g. increases/decreases in income or increases/decreases in costs both during and post the development period. The finance manager may follow up on this to ensure that budgets are aligned correctly. Please also indicate if this is linked to an MTP saving and provide a reference if relevant. If the scheme is expected to generate a saving or income please calculate the expected value as a % of the Council capital budget requirement.

LEGISLATIVE AND COMPLIANCE

Detail in this section any statutory compliance requirements or current non-compliance issues that will affect the Council if the scheme does not progress.

INDIRECT NEED

Detail the project dependencies including any Council projects, initiatives or savings proposals that are dependent on this scheme progressing. This should also detail any links to S106 agreements or planning and funding requirements.

RISKS

This section should detail top 5 risks in relation to the project. Please include a brief description of the risk in the first column, suggestions of the types of risks that could be associated with the project are below.

- Financial risks
 - o Cost certainty
 - o Funding certainty
 - o Ongoing maintenance/operational costs
 - o Achievement of savings
- Political or reputational
- Legal risks
- Procurement
- Deliverability
- Operation/maintenance post completion
- Timescales

In the second column provide any mitigation to risks

In the third column provide a RAG rating for the risk. This will require judgement but guide is below:

- RED – Significant impact and/or high likelihood that could stop the project if it materialised
- AMBER – Medium impact and/or medium likelihood that is likely to have a major impact on the project by delaying it or causing significant changes
- GREEN – Low impact and/or low likelihood that is expected to be managed within the project constraints

PROJECT TIMESCALES

Detail the expected start dates as indicated above, state not applicable if these are not relevant for this particular scheme. If there are any key factors that could affect project timescales then please include a couple of sentences below the table.

GOVERNANCE

Include any decisions that have been made to date on the project by completing the table provided with:

- Forum e.g. Cabinet, Cabinet member decision, Capital review group
- Decision made – Detail the decision made as part of this report or meeting
- Date

Please also include in here details of any project board currently established or additional governance arrangements.

VAT IMPLICATIONS

There are a number of scenarios where VAT may be a significant issue for Capital Schemes. This should be discussed with your finance team who can draw upon technical experts as required. This is particularly the case where capital spends relates to property and a decision is needed

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