



City of Westminster

# Committee Agenda

Title: **Shareholder Committee**

Meeting Date: **Monday 24th July, 2023**

Time: **1.30 pm**

Venue: **Room 18.03, Westminster City Hall, 64 Victoria Street, SW1E 6QP**

Members: **Councillors:**

Liza Begum	Matt Noble
David Boothroyd	Tim Roca
Adam Hug (Chair)	

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

**Note: Part II of the Agenda will concern matters under Section 100 (A) (4) and/or Part 1 of Schedule 12A to the Local Government Act 1972 (as amended), as per paragraphs 1 and 3. The public and press will be excluded from the meeting for this item of business because it involves the likely disclosure of exempt information, most notably commercially sensitive information.**

**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, Nick Porter-Ch'ng, Portfolio Advisor.**

**Email: [nporter-ch'ng@westminster.gov.uk](mailto:nporter-ch'ng@westminster.gov.uk)  
Corporate Website: [www.westminster.gov.uk](http://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.

## **AGENDA**

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

- |  |                        |
|--|------------------------|
| <b>1. WELCOME AND DECLARATIONS OF INTEREST</b>   |                        |
| <b>2. MINUTES</b>  | <b>(Pages 3 - 8)</b>   |
| <b>3. WESTMINSTER BUILDS END OF YEAR REVIEW</b><br>To discuss the Westminster Builds End of Year Review.                   | <b>(Pages 9 - 16)</b>  |
| <b>4. WESTMINSTER COMMUNITY HOMES END OF YEAR REVIEW</b><br>To discuss the Westminster Community Homes End of Year Review. | <b>(Pages 17 - 20)</b> |

### **PART 2**

- |  |                        |
|--|------------------------|
| <b>5. WESTCO END OF YEAR REVIEW</b><br>To discuss the Westco End of Year Review. | <b>(Pages 21 - 46)</b> |
| <b>6. ANY OTHER BUSINESS</b>   |                        |

**Stuart Love**  
**Chief Executive**  
**14 July 2023**

## MINUTES

Shareholder Committee

### MINUTES OF PROCEEDINGS

Minutes of a meeting of the Shareholder Committee held on 27 March 2023 City Hall.

Members Present: Councillors Adam Hug (Chair), David Boothroyd, Matt Noble

Members Virtual and non-voting: Councillor Liza Begum

Members Absent: Councillor Tim Roca

Officers present: Gerald Almeroth, Debbie Jackson, Pedro Wrobel, Alex Deolinda Severino (Clerk)

**2. MEMBERSHIP**

There were no changes to the membership of the Shareholder Committee.

**3. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**3. MINUTES**

**RESOLVED:** Councillor Adam Hug, with the consent of the Members present, agreed that the minutes of the meeting held on 31 October were a true and correct record of the proceedings.

**4. DISSOLUTION OF WESTMINSTER PROCUREMENT SERVICE**

**Dai Williams was present at the meeting of the Committee**

- Mr Williams provided a summary of the matter, namely the proposal to close the company as it has long since ceased trading. It was noted that the company had only ever traded with one major client.
- Cllr Boothroyd asked if there is a market to sell the company or services to other local authorities. Mr Williams noted that this was not a priority at this time and it is not known if there would be such a market but it is considered unlikely.
- Cllr Noble noted that this is essentially a housekeeping exercise to formalise the situation.
- The Committee thanked Mr Williams and the team for their work on the matter.

	<p><b>RESOLVED – SHAREHOLDER COMMITTEE ENDORSES THE REPORT TO BE RECOMMENDED TO CABINET FOR DECISION AT A FUTURE MEETING.</b></p>
5.	<p><b>WESTMINSTER BUILDS REGISTERED PROVIDER STATUS</b></p> <p><b>James Green was present at the meeting of the Committee</b></p> <ul style="list-style-type: none"> <li>• Mr Green introduced the report, noting that GLA funding requirements state that the body receiving the money should be a Registered Provider, which is the main driver for this decision. It was further noted that the expected £0.04m of cost to undertake this process would be covered by the grant once received.</li> <li>• Cllr Noble commented that this option was preferable as the alternative would be to return the grant and greater control is preferable for the assets.</li> <li>• Cllr Boothroyd noted that this is formally setting up another company and Mr Green commented that that is correct and that the governance would sit within Westminster Builds' existing arrangements and comply with all Registered Provider guidelines.</li> <li>• Cllr Boothroyd noted that the Council is committed to delivering intermediate housing under Council control and this is a vehicle by which to achieve that.</li> </ul> <p><b>RESOLVED – SHAREHOLDER COMMITTEE ENDORSES THE REPORT TO BE RECOMMENDED TO CABINET FOR DECISION AT A FUTURE MEETING.</b></p>
	<p><b>NOTICE OF PRIVATE PART OF MEETING</b></p> <p>Part II of the Agenda will concern matters under Section 100 (A) (4) and/or Part 1 of Schedule 12A to the Local Government Act 1972 (as amended), as per paragraphs 1 and 3. The public and press will be excluded from the meeting for this item of business because it involves the likely disclosure of exempt information, most notably commercially sensitive information.</p> <p><b>RESOLVED:IT WAS RESOLVED TO HOLD THE REST OF THE MEETING IN PRIVATE SESSION UNDER PART II.</b></p>
6.	<p><b>WESTMINSTER BUILDS BUSINESS PLAN 23-24</b></p> <p><b>James Green and Tim Hampton were present at Committee</b></p> <ul style="list-style-type: none"> <li>• Mr Green noted the resignation of the previous company chair, Cllr Jacqui Wilkinson and noted that a new, permanent Chair should be appointed in due course. The company business plan has been adapted in response to the changing priorities and policy of the Council, most notably the adoption of the Truly Affordable Housing strategy.</li> <li>• Mr Green further noted that the Council has commissioned and received a report on future options for housing delivery which is currently being reviewed and the recommendations will have an impact on the work of the company in future.</li> <li>• Mr Hampton commented further on the changes in the business plan stemming from the Truly Affordable Housing Strategy, most notably the reduction in intermediate homes in favour of social homes. Mr Hampton also reflected on recent successes specifically Luton Street and Fisherton Street developments which were completed during 2022 and that 71 completed homes now sit within Westminster Builds.</li> <li>• Further activity was noted to acquire intermediate units at West End Gate and 300 Harrow Road.</li> </ul>

- Cllr Hug noted the challenges around future governance and the need to appoint further board members. Debbie Jackson confirmed that this can be delivered relatively quickly pending a decision from Members on how to proceed and it was noted that this should be progressed ahead of the next meeting of the Shareholder Committee in July 2023.
- Cllr Boothroyd ask if major construction delayed could be managed given the company is now moving on to major developments. Mr Green responded that this risk is being actively be managed and mitigated and the same goes for other risks noted in the business plan. Articulating risks in part of how the company manages these as it ensures due diligence is undertaken.

**RESOLVED – SHAREHOLDER COMMITTEE APPROVED THE BUSINESS PLAN FOR WESTMINSTER BUILDS**

**7. WESTMINSTER COMMUNITY HOMES BUSINESS PLAN 23-24**

**James Green, Neil Tryner and Steve Moore were present at Committee**

- Debbie Jackson welcomed Neil Tryner to the meeting as the new Chief Executive of WCH and placed on record her thanks to Steve Moore for his career of service.
- Mr Tryner introduced the report, noting that there are three distinct matters: procedural requirements, performance and a look to the future about delivery.
- On procedural matters, Mr Tryner noted that authority was sought to recruit new board members and set himself as the company secretary. On performance, Mr Tryner noted company key performance indicators, and on the future, Mr Tryner noted that the company is ready and prepared to be flexible, depending on the ambitions of the Council for the company.
- Cllr Begum asked how board members would be found and appointed. Mr Tryner responded that an external search would take place to meet the gaps in the skills audit that has been undertaken. Cllr Noble supported this approach.
- The Committee discussed the need to clarify the company’s role in the future and that this would need to be driven by the Council’s own priorities with regard to options for housing delivery.
- Cllr Boothroyd asked a specific question about whether there was a problem with rent arrears. Mr Moore responded that there has been some evidence of that but the company is working hard to assist residents with this.

**RESOLVED – SHAREHOLDER COMMITTEE APPROVED THE RECOMMENDATIONS SET OUT ON PAGE 61**

<p>8.</p>	<p><b>WESTCO BUSINESS PLAN 23-24</b></p> <p><b>Ian Farrow, Christos Pishias and Councillor Max Sullivan (virtual) were present at the Committee:</b></p> <ul style="list-style-type: none"> <li>• Mr Farrow introduced the report, noting new business development over the past year and the need to diversify the business further.</li> <li>• Cllr Sullivan noted that the business plan had been developed based on extensive feedback and iteration at board meetings.</li> <li>• Pedro Wrobel noted that the challenge currently facing the business is to expand and build further profitability post pandemic.</li> <li>• Cllr Boothroyd noted the possible areas of diversification such as into new sectors beyond local government and the Committee discussed the need to develop long term relationships with 'entry level services'.</li> <li>• Mr Pishias noted that the company has done well in recent years in attracting other business and partnering with new bodies to deliver new products.</li> </ul> <p><b>RESOLVED – SHAREHOLDER COMMITTEE APPROVED THE RECOMMENDATIONS SET OUT ON PAGE 81</b></p>
<p>9.</p>	<p><b>COMPANY GOVERNANCE AND COMMERCIAL REVIEW UPDATE</b></p> <p><b>Pedro Wrobel was present at Committee for the item</b></p> <ul style="list-style-type: none"> <li>• Pedro Wrobel introduced the report and set out the options analysis undertaken which the Committee are asked to take a view on how to proceed.</li> <li>• Mr Wrobel noted joint work across finance, procurement and legal to bring these proposals together and that this would continue should the Committee agreed the recommendation as set out.</li> <li>• Cllr Noble stated that he was comfortable with the recommendation as set out but noted that work needs to be undertaken quickly on the next steps. Cllrs Begum and Boothroyd agreed, noting that there was no strategic reason not to proceed with the recommendation.</li> </ul> <p><b>RESOLVED – SHAREHOLDER COMMITTEE APPROVED THE RECOMMENDATIONS SET OUT ON PAGE 126-127</b></p>
<p>10.</p>	<p><b>WORK PROGRAMME</b></p> <ul style="list-style-type: none"> <li>• The Shareholder Committee noted the work programme for its upcoming 2023 meetings.</li> </ul>

<b>11.</b>	<b>ANY OTHER BUSINESS</b>  No other business was noted.
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## Shareholder Committee Report

<b>Decision Makers:</b>	<i>Shareholder Committee</i>
<b>Date:</b>	24th July 2023
<b>Classification:</b>	General release except for Appendix 1 which is exempt from disclosure as it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972.
<b>Title:</b>	Westminster Builds Business Update
<b>Wards Affected:</b>	All
<b>Fairer Westminster Summary:</b>	Providing more affordable housing
<b>Key Decision:</b>	No
<b>Financial Summary:</b>	Westminster Builds remains a going concern with planned acquisitions for 2023/24 bolstering the portfolio of intermediate homes to 98. The company hopes to introduce several efficiency measures for 2023/24, both operational and financial.
<b>Report of:</b>	James Green, Jake Bacchus, Neil Wightman – Westminster Builds Directors

### 1. Executive Summary

1.1. Westminster Builds manages 63 intermediate rent homes at the end of May 2023, purchase from Council developments. The company has also

overseen, through its joint venture with Linkcity, the successful completion of Luton Street, a development of 171 homes including 62 affordable.

1.2. The company expects to manage 98 intermediate homes by the end of 2023/24

1.3. Accounts for 2022/23 are currently being audited and will be presented at the next Shareholder Committee.

1.4. The company is pursuing several workstreams in 2023/24 to improve efficiency and financial position.

## **2. Recommendations**

2.1. That the Shareholder Committee are asked to note this report

## **3. WB Background**

3.1. Westminster Builds (WB) is the trading name of two companies: Westminster Housing Investments Limited (WHIL) and Westminster Housing Developments Limited (WHDL). The Council is the sole shareholder of WHIL, who in turn is the sole shareholder of WHDL. Therefore WB is wholly owned by the Council, who also provide 100% of the company's funding through a combination of shareholder loans, development and acquisition finance and a working capital loan

3.2. WB was set up in 2018 to help increase the delivery of affordable housing to those who live and work in Westminster but cannot afford the cost of housing appropriate to their needs. It gives the Council an additional option when considering how it best delivers the schemes planned within its capital programme. It enables the Council to embark on schemes which, for example, have a more commercial dynamic to them and to enter into joint ventures and other delivery vehicles, or to hold intermediate or market rental homes which are then not subject to secured tenancies or the right to buy.

## **4. Accounts Update for 2022/23**

4.1. The final company accounts for 2022/23 are currently being audited which is progressing well and expected to conclude in June, allowing final accounts to be presented to the next Shareholder Committee in October 2023.

## **5. Update on Activities for 2023/24**

5.1. The company has continued to deliver on its business plan commitments and is approaching 100% occupation rates across its intermediate rent portfolio, with 62 of 63 let.

5.2. Eight units at West End Gate have not been let – see 5.3 below.

- 5.3. The legal and financial processes are underway to transfer eight two bedroom homes at West End Gate back to the Housing Revenue Account to be used as social housing. This follows the recommendation of the Truly Affordable Housing cabinet paper in October 2022.
- 5.4. During 2023/24 WB is due to acquire eight one bedroom homes at West End Gate and 35 one bedroom homes at 300 Harrow Road. These will all be let at London Living Rent.
- 5.5. Each future acquisition is subject to shareholder approval and governance.
- 5.6. The position of company chair is currently vacant. The Board remains quorate, as three directors are currently appointed. The company would welcome the council support in the appointment of a chair. The absence of this position is hampering the ability to make decisions if all directors are not present at board meetings.
- 5.7. 31Ten's review of the Council's subsidiaries recommends the creation of a strategic oversight board, comprised of Senior Officers and Members, and a Housing Working Group, comprised of directors across all the Council's housing subsidiaries. The Board will therefore await the Shareholder's recommendation following the 31Ten report.
- 5.8. The Board has approved the incorporation of a new company within its group to help the Council secure GLA grant across its pipeline. This for-profit registered provider will allow homes built by the Council and managed by Westminster Builds to attract grant, in turn increasing the delivery of affordable housing across Westminster. The process to formalise this has commenced and information is being gathered to submit to the Regulator for Social Housing.
- 5.9. Westminster Builds welcomes the Council's draft memorandum of understanding between itself and its subsidiaries. This is being reviewed by WBs legal representatives and is hoped to be in place before the next Shareholder Committee in order to formalise ongoing arrangements.
- 5.10. Refocusing on a portfolio of intermediate rent heightens the need to control overhead costs. The company has undertaken a thorough review of running costs, resourcing requirements and the operation of the company considering a changing business plan.
- 5.11. The company will repay the working capital loan it took out in 2022/23 completely in 2023/24. This loan attracts a higher level of finance cost, so to avoid unnecessary interest charges, the company will always look to settle this debt with the council promptly where possible.

## **6. Performance Report – P2 2023/24**

6.1. At the start of 2023/24, the company owned 63 properties. Properties acquired by site are:

Scheme	Financial year completed	No. of units
Farm Street	21/22	14
West End Gate (Phase 1)	21/22	21
Jubilee	22/23	19
Parsons North	22/23	9
<b>Total</b>		<b>63</b>

6.2. WB works closely with WCC Housing who let and manage homes on the company's behalf. WCC Housing attend all WB Board Meetings and provide updates on occupancy levels, as well as any operational issues being encountered.

6.3. A workstream is underway with WCC Housing to identify key KPIs to report to the Board. This will allow WB to track and assess the impact of indicators such as void periods and rent arrears.

6.4. The company's business plan budgeted an operational loss of £0.255m in 2023/24. Table 1 shows the profit and loss position as at P2 and the expected full year position of a £0.107m loss, which is an improvement against business plan

6.5. It should be noted that the company is also due a profit of 60% from the LLP for of the sale of homes at the Luton Street development. The final amount of this profit and the taxation implications are still being calculated and discussed. The Business Plan assumed a return on investment of £12.390m

Table 1 – Operational Profit and Loss

	P2 Year to Date	Full Year		
		Forecast	Budget	Variance
Rental Income	138	1,115	937	178
Misc. Income	41	35	-	35
<b>Total Income</b>	<b>179</b>	<b>1,150</b>	<b>937</b>	<b>213</b>
Administrative expenses	(36)	(357)	(394)	37
<b>Total Expenditure</b>	<b>(36)</b>	<b>(357)</b>	<b>(394)</b>	<b>37</b>
<b>Operating Surplus/ (Deficit)</b>	<b>70</b>	<b>793</b>	<b>543</b>	<b>250</b>

Net Interest	(143)	(900)	(798)	(102)
<b>Profit/(loss)*</b>	<b>143</b>	<b>(107)</b>	<b>(255)</b>	<b>148</b>

\*Does not include profit from Luton Street LLP - TBD

- 6.6. Discussions are underway on how to best use this profit in the most financially efficient way. The Business Plan and council capital strategy assumed these would be retained within the company to help fund future developments and acquisitions, reducing the reliance on council debt.
- 6.7. The company is also considering other debt restructuring options to enable it to maintain its overriding commercial principles. Appendix 1 shows the loans currently outstanding and a demonstration that funds have been used for the outcomes for which they were originally given.
- 6.8. The planned activity demonstrates that the company remains financially viable over the medium term once it reaches a critical mass of units under management
- 6.9. However ensuring that the company overhead and financing is scaled and structured to meet the needs of the company and controlled where possible is key to that longer term viability. Further work is planned by the Board during 2023/24 to review and consider the resources and structures needed to support the company. Progress on these will be reported to the next Shareholder Committee as part of the mid-year review.

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

[gnash@westminster.gov.uk](mailto:gnash@westminster.gov.uk)

Appendix 1 – Loan Schedule



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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City of Westminster

## Shareholder Committee Report

<b>Decision Maker:</b>	Shareholder Committee
<b>Date:</b>	24 <sup>th</sup> July 2023
<b>Classification:</b>	For General Release
<b>Title:</b>	Westminster Community Homes – Operational activities 2023
<b>Wards Affected:</b>	All
<b>Key Decision:</b>	No
<b>Report of:</b>	WCH Chief Executive and WCH Chairman

### 1. Executive Summary

1.1 This report outlines:

- The appointment process for new Board member
- The move to an annual Management Plan for team activity

### 2. Recommendations

2.1 The Shareholder Committee are asked to:

- (a) Note the appointment process for Board members
- (b) Note the adoption by WCH of an Annual Management Plan

### 3. WCH Governance

3.1 WCH was set up by the City Council in December 2009 as a Co-Operative & Community Benefit Society with charitable objectives and became a Registered Provider in December 2010. It is a 'not for profit' body, where the shareholders' derive no financial benefit and their rights are significantly less than in ordinary companies. Through their charitable objectives, WCH have tax exemptions through which it does not pay Corporation Tax, Capital Gains or Stamp Duty but does pay VAT.

3.2 WCH has a five-person Board who are all nominated by the City Council. There are currently two vacancies and two existing board members who are currently

reaching the end of their terms of office. The Council since the last Shareholders Committee has approved the recruitment of new board members via an external search and recruitment process. Campbell Tickell have been appointed following a soft market test exercise to recruit to the skills gaps identified in the effectiveness and skills review undertaken previously. Key skills required are:

- Overall senior housing association experience with strong skills and competency around housing management including strategic asset management and repairs and maintenance.
- Experience and skill in knowledge of health and safety regulation and health and safety compliance.
- Social housing/charity governance.
- Housing Finance to replace the current Board member reaching the end of her term.
- Chair experience to replace the current Chair reaching the end of his term.

3.3 WCH will undertake a recruitment exercise, aiming to advertise in early July, with longlisting interviews taking place in August and final interviews in early September. Preferred candidates will be presented to WCC for ratification prior to appointment.

#### **4. Performance 2023/24**

4.1 WCH performance moving forward will form a part of an annual Management Plan to ensure all employees have clarity of job roles and targets and enabling the Board to have a clear line of oversight and scrutiny on company activity. The key workstreams are:

- **Be an outstanding Landlord by doing the basics brilliantly.**
- **Regeneration**
- **Providing new homes and remain financially strong.**
- **Support WCC**

4.2 Key milestones for each workstream are:

#### **Be an outstanding Landlord by doing the basics brilliantly.**

- Review team resources and structure
- HS service schedule reviewed and reported for all property attributes, Gas, Electrical, water, Asbestos and Fire
- Review financial information to report profitability of each business stream and tenure.
- Deliver KPI's to target including managed services delivered by WCC.

#### **Regeneration**

- Deliver Vacant possession of Ebury estate.

- Rehouse leaseholders in site A in Q1 and continue to rehouse leaseholders in neighbouring sites.
- Deliver the refurbishment of Gloucester Terrace
- Manage former leasehold interest in Huguenot House

**Provide More homes and remain financially strong.**

- Take handover of Victoria Wharf phase 2
- Progress delivery of 15t new homes at MOT yard
- Review management of RBKC properties

**Support WCC**

At the previous Shareholder Committee meeting a number of potential areas where WCH can support the delivery of projects to support WCC. To date limited progress has been made to firm up potential activity such as the acquisition of TA units and a number of potential opportunities may have been lost. The recent changes in Chief Officer accountability will provide a focus for further conversations.

WCH would welcome a proactive request for support from WCC and is committed to supporting the overall aspirations of the City Council.

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

*Neil Tryner, CEX Westminster Community Homes*  
Email: [ntryner@westminster.gov.uk](mailto:ntryner@westminster.gov.uk)

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