



City of Westminster

Housing, Finance and Customer Services Policy and Scrutiny Committee

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Regeneration

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Finance and Resources

1. 2019/20 Provisional Settlement

1.1 The 2019/20 provisional settlement, announced on 13 December 2018, is the last of the four-year multi-year settlement from the Ministry of Housing, Communities and Local Government (MHCLG) which set out Settlement Funding Assessments from 2016/17 to 2019/20. For the Council, the settlement was broadly as expected.

1.2 The key points announced in the provisional settlement included:

- Confirmation of the New Homes Bonus grant for 2019/20 which will total £8.370m;
- Estimated Business Rates growth of around £2.4bn in 2018/19 and due to this growth, a surplus in the Business Rate's Levy account will be shared out across authorities. The Council is set to receive a one-off non-ring fenced £1.364m grant;
- A reduction which had already been anticipated in the 2019/20 MTP of £8.500m for core funding;
- Confirmation that in 2019/20, the Business Rates Pool will continue at 75% Retention for London;
- Continuation of the 2018/19 Council Tax referendum limit of 2.99% in 2019/20, as well as continuation in 2019/20 of the Adult Social Care precept. MHCLG also confirmed that that the Greater London Authority will be able to increase their precept on Council Tax from £12 to £24 to fund police services and increase their precept for non-police services by up to 2.99% without a referendum.

1.3 The settlement also included the release of consultations for the next stage of the Fair Funding review and Business Rates Retention Reform. These will be reviewed in due course. The Adult Social Care green paper is due to be released shortly but no specific timescales were give. This was previously delayed from Summer 2018. MHCLG also announced that a joint review would take place with HM Treasury on borrowing for commercial investments

2. Two Year Business Rates Pool pilot

2.1 2019/20 will be the second year of the business rates pool pilot with some changes to the 2018/19 scheme. The pool will move from a 100% retention scheme to a 75% scheme with reduced protection compared to last year's pool. This means that the Council is likely to benefit to a lesser degree than in the previous year but the pool is still likely to be financially advantageous. The reduced protection relates to the fact that the guarantee from government protecting the council from being worse off in the pool than out of it has been removed. However, it is considered relatively unlikely that this protection would be needed. Provisional assumptions indicate that the pool will gain approx. £200m, because it will not have to pay the government any "levy" on

growth, and the Council's share of that gain will be £3.5m, in the second year of operating the pool.

3 Revenues and Benefits: Benefits Service

3.1 Council Tax and national non-domestic rates collection is on target to meet our year end collection targets, which would match the highest collection rates previously achieved by the 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.

4 The Transition from Housing Benefit to Universal Credit.

4.1 The transition of new claims for Universal Credit has been implemented to schedule, with the last of the borough's job centres going live in December. Some residents will still need to make new applications for Housing Benefits (rather than Universal Credit), including:

- Pensioners;
- Residents in temporary accommodation;
- Residents in supported accommodation; and
- Families with three or more children (this will change in February 2019).

4.2 The City Council continues to meet with the Department for Work and Pensions 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.

4.3 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.

5 Community Contribution

5.1 The Community Contribution has raised £500k so far. A further letter was recently sent to all Band H residents who have not yet made a contribution.

5.2 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.

5.3 The Community Contribution fund will be open for applications shortly and the funding will be spent on helping young people (investing in youth support) and

providing extra support for people who find themselves sleeping on Westminster's streets.

6 SAP Implementation (Integrated Business Centre)

- 6.1** The programme to replace the BT Managed Services with the IBC Solution from Hampshire County Council successfully launched on 3 December 2018. This followed successful Confidence testing on 1 December 2018 and supplementary payroll quality assurance work on 2 December 2018. The project Board took the decision to go-live at 5pm on 2 December 2018 on the basis that all data was loaded into the system, confidence checking had been completed, no critical issues were open, payroll quality assurance was completed, and all elements of the project timetable were complete.
- 6.2** The go-live was supported by a broad business deployment programme which included the development of training materials, regular communications, focus sessions with staff on particular elements of the system, around 100 floorwalkers across council sites put in place to support staff and a range of other activities. This has contributed to a successful go-live which has seen relatively few issues raised and a successful payroll run on 14 December 2018. Contingency arrangements had been put in place to make exceptional payments to staff in the event of payroll underpayments but these were not required.
- 6.3** Now the launch is complete further work will be progressed to ensure new ways of working are embedded and benefits are realised in full.

7 Reorganisation and Key Staff Changes

- 7.1** Appointment of the new Executive Director for Finance and Resources: Gerald Almeroth has accepted and been appointed to the role of Executive Director of Finance and Resources with effect from March 2019. He has been the Strategic Director of Resources at Sutton Council for the past 8 years.

Property

8 Corporate Property Projects

- 8.1** Corporate Property manage various capital projects across the Council's estate. The portfolio includes, the Council's maintained schools, libraries and operational and municipal property. There are currently 61 projects at various stages e.g. feasibility, design, construction phases.
- 8.2** The key projects include: The Coroners Court, Marylebone Library at Seymour Leisure Centre, Portman Children's Centre, Lisson Grove Improvements and Elgin Avenue (Kerbside management services). Our business as usual currently in hand includes the planned improvements to the Schools, Libraries and the Operational Properties

e.g. new boilers at the WCC Mortuary, refurbishment of 66 Lupus Street (Adults Services) and various minor capital works to improve the efficiency of WCC's estate for the benefits of the Council's staff, its residents and the general public.

- 8.3** Global economic uncertainty, as well as Brexit, is a significant macro risk and the key concern is the impact on our capital projects. The trade press in the construction industry has highlighted the potential shortage of skilled labour, the unpredictability concerning availability of raw materials and the inevitable price increases. In practice, this is likely to mean longer procurement and build periods and more expensive projects. The Corporate Property Projects Team will continue to work closely with colleagues in Finance and Procurement departments including our external design teams and contractors to monitor and mitigate as far as possible key risks to the delivery of capital projects.

9 Operational Property

- 9.1** Business as usual for the Operational Property Team (OPT) is to administer the Council's operational estate, working collaboratively with internal and external stakeholders to support service delivery. OPT is also responsible for the Council's asset management database with a dedicated team of administrators who are implementing new modules for project management and facilities management to support wider corporate property team functions.

- 9.2** OPT is currently leading on several key projects, including:

9.2.1 Mandela Way Depot – The relocation of street cleaning vehicles depot to a new 1.25-acre site at Landmann Way, SE1. Negotiations are well advanced and Corporate Property expects to complete early in the new year. The deal will effectively be cost neutral to the Council because the vacated Mandela site is expected to produce an income equivalent to the rent agreed for the new Landmann Way site.

9.2.2 Facilities Management Transition – The Council has agreed terms with its Tri-Borough partners to exit the Total Facilities Management contract with Amey. Amey will continue to provide a service during the transition period while procurement of new services and mobilisation of a new in-house Facilities Management team takes place. There will be a phased process of withdrawal from Amey with final exit programmed for 31 May 2019. A new Head of Facilities Management has been appointed and joins the Council on 2 January. An interim facilities consultant is in post to lead scoping the service specification and tendering a contract for services.

9.2.3 Portman/Lilestone – The Portman Children's Centre is one of three Council family hubs. The building requires a full refurbishment to include boiler and lift replacement which is being managed by the Projects team. In order to facilitate the works project we have utilised the recently vacated Lilestone Street Nursery (due to be demolished as part of the Church Street redevelopment) to decant Portman. The works programme is expected to last around eighteen months and upon completion the Portman will reopen. This project is another example of collaborative working, this time with the

development team, capital projects and children's services to be able to deliver the project.

10 City Hall Refurbishment

- 10.1** Practical completion of the extensive refurbishment of City Hall is expected on 21 December 2018. The Council's own fit out of floors 11-19 will commence on 2 January 2019.
- 10.2** The Lord Mayor, Leader, Members, Executive and their support will move from 5 Strand over the weekend of the 2/3 February and City Hall will open Monday 4 February 2019. The remaining staff from Strand and Portland House will move in phases over the remaining weekends in February and March. The leases on Portland House will expire on 24 March 2019 and the lease on 5 Strand will expire on 23 June 2019.
- 10.3** Marketing and presentations have been made to letting agents in the run up to practical completion aimed at securing a tenant(s) for the lower half of the building. There has been interest from a variety of parties in lettings of individual floors (1-10) and from a few parties in taking all ten floors. Over the past few months there has been 10-15 enquiries and five to six viewings a month and a number of first and second viewings are planned in the new year after practical completion. Over 200 agents have been invited to view the completed property on 30 January 2019 and a post completion brochure will be produced and distributed in February/March if the property is not let before then.
- 10.4** The project is on programme, within budget and expected to achieve an Excellent rating for Building Research Establishment Environmental Assessment Method (BREEAM), an Energy Performance Certificate (EPC) rating of B, and a Platinum Wired Score target which will reduce energy consumption and CO2 emissions. This will also reduce running costs, generate additional income from subletting and improve the staff and visitor experience.

11 Investment

- 11.1** Re-procurement of the Council's Commercial Property Manager is being finalised. It is expected that GVA, the incumbent, will be appointed for a three-year term with the option of a one-year extension. The appointment will provide a fuller service from a larger team than the previous contract allowed and will deliver a saving of circa £120,000 per annum.
- 11.2** Contracts have exchanged to grant a head lease of the underground car park at Cavendish Square to enable re-development. The head lease will allow the Council to assume economic benefits of the development without the risks associated with such a complex and expensive project. The head lessee will also improve the garden square

and environment surrounding the car park for the benefit of residents, businesses and visitors.

- 11.2.1** The initial two-year head lease will safeguard the Council's current income in line with the current budget, circa £2m per annum. Planning permission will trigger a new lease from which point the Council will receive and increase in income from £2.5m per annum. The Council's current tenant, Q Park, are unable to maintain a viable facility at Cavendish Square as a result of falling demand for parking in central London. They will pay a premium of £1m to the Council to surrender their lease.
- 11.3** Dudley House will be complete in March 2019. Having already delivered the Marylebone Boys School, completion of the scheme will provide 198 flats for intermediate rent. The flats have been let to an operator under a management lease which will provide an average income to the Council over its seven-year term of £3.1m per annum.
- 11.4** 21-23 Farm Street will also complete in March 2019. The scheme will deliver a new street cleaning depot and 14 flats for intermediate rent in the heart of Mayfair.

Regeneration

12. Regeneration

- 12.1** 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.

13 Church Street

- 13.1** 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.
- 13.2** The Stage 1 work on Church Street sites A/B/C, which has included initial design feasibility, financial modelling and engagement with directly affected residents and the wider community, has now been completed. Further work and engagement on options for the sites, which will inform the stage 2 proposals, is now underway.
- 13.3** The engagement process was undertaken in November and December 2018 to talk to people about how options for the sites will be assessed and how they can be involved in that process. There was a good response from the community, including an increase in the number of people directly engaged on sites A/B/C, which are the first tranche of

proposed sites in the masterplan. A further round of engagement on the options for sites A/B/C and Lilestone Street will take place in early 2019.

- 13.31** Commercial Strategy consultants (Hatch Regeneris /PRD /Urban Space Management) have provided comments on the emerging design proposals and provided early advice on the commercial, retail and market offer within the project.
- 13.32** Engagement with Development Management, Markets and Regeneration Teams, Commercial Strategy consultants is ongoing.
- 13.4** The Church Street team, working in partnership with the ward councillors and CityWest Homes, ran this year's Church Street Christmas lights switch on and community event, which was well attended and offered a range of activities for families. A debrief session has been held to ensure that next year's event is even better.
- 13.5** A contractor has been appointed to deliver the Cosway/Ashbridge/Ashmill schemes and they are now carrying out all of the approval processes with utility companies, completing design checks and starting site mobilisation. Enabling works will begin in Spring 2019, with the new build in Summer/Autumn 2019.

14 Ebury Bridge

- 14.1** In October, the Cabinet approved the overall route to the housing development market, pending the findings of the discussions with the market. The council has established a Wholly Owned Company which will ensure that Ebury can secure the widest possible range of partnership and funding opportunities and support the council in retaining the long-term ownership of the land.
- 14.2** The plans for the comprehensive renewal of the Ebury Bridge estate are continuing to progress. There has been extensive collection and detailed analysis of the housing needs of existing residents. This work has informed the likely phasing/sequencing of the redevelopment work and the tenure mix. Early in 2019 we will be talking to all households about the phasing for the project and the timings for house moves and support.
- 14.3** 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.
- 14.4** The work to remove the empty Edgson House has commenced and signals the start of preparing the wider Ebury Phase 1 site. This enabling work is to create the space for the construction of 100 new affordable homes (of which half will be new council 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. Included in this initial phase are a number of other blocks, namely Hillersdon House, Wainwright House and Wellersley House. 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.

- 14.5** 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.
- 14.6** In early December we invited companies working across the housing sector to talk to us about how best the renewal project could be delivered and their interest in working with us. Over 40 companies and 80+ representatives attended an initial market sounding presentation hosted by the project team and follow up discussions were held with specialists in construction, funding, management and build to rent.
- 14.7** On Tuesday 18 December 2018 the Westminster Planning Committee gave permission for enabling works and demolition as well as Meanwhile uses as part of the initial phases of the renewal work at Ebury Bridge. The planning permission gave approval for a range of community uses delivered from a temporary community facility.
- 14.8** The Ebury Bridge Community Futures Group have continued to influence key decisions as part of the project. The Council will now enter in to a new phase of consultation with residents with the new year seeing a range of new involvement opportunities. The council is committed to involving residents in detailed designs (of blocks and homes), the procurement of contractors/architects/specialists. Specific Task and Finish groups will be established and supported by the project team and our design team.

15 Paddington Green (Parsons North)

- 15.1** Establishment of the site set up will complete by 21 December 2018, with the Council graphics and messages to be applied in January 2019. Tree works will commence in January 2019, with demolition following-on. Building work will last just over two years and is expected to be completed in early 2021.

16 Tollgate Gardens

- 16.1** The renewal of Tollgate Gardens will deliver 86 new affordable homes (78 social rented and 8 intermediate) when it completes in late Summer 2019; this is a net gain of 27 affordable homes. The scheme, being delivered by Clarion, will also see improvement works to Tollgate House - retained as part of the plans - a new community centre redesigned estate landscaping, in addition to 109 private for sale homes. First priority for the new social homes will be given to those residents who have temporarily moved off the estate to enable the redevelopment to take place.
- 16.2** On site construction of the new homes, community centre and landscaping continue. The developer, Clarion, is proposing a phased handover of the Council blocks, with

the first blocks in May 2019 and the remaining blocks in August 2019. Residents of Tollgate House are demanding an independent structural report regarding the integrity of the existing building - Housing and Construction are working with Communications regarding this.

17 Tenant Policy for Housing Renewal Areas

- 17.1** The Council is consulting on this updated policy until 8 February 2019. It sets out the rehousing rights and options, financial compensation and general support for council tenants where the council wants to acquire their homes to enable housing renewal to go ahead. There are a range of options for council tenants, including a right to remain or return to the housing renewal area in one of the new homes. The policy proposes that those needing to move due to regeneration have the highest priority in the Allocations Scheme, as currently those under occupying have the highest priority.
- 17.2** The policy also sets out the help and support for other tenants in housing renewal areas, i.e. homeless households in temporary accommodation and private rented tenants.
- 17.3** Letters have been sent to affected tenants about the consultation and drop in sessions to explain it further are planned for the early 2019. It is also being discussed with the CityWest Homes Residents' Council.

18 Strategic Housing Options for Older People (SHSOP)

- 18.1** 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.

19 Carlton Dene, Peebles House and Westmead

- 19.1** The consultation with residents at Carlton Dene, Westmead and Peebles House is now complete.
- 19.2** A Cabinet Member Report summarising the outcome of the consultation and recommending a preferred way forward is in the final stages of drafting. It is envisaged that this will be ready for submission in late January 2019.
- 19.3** An outline business case (OBC) is being drafted for the delivery of all three sites which will be submitted in February 2019.

20 Beachcroft

- 20.1** 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.
- 20.2** Planning permission for the redevelopment was granted in March 2017 and following a competitive tender, Durkan Ltd, were appointed as the contractor.
- 20.3** 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 2020.
- 20.4** 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.

21 The Infill Scheme

- 21.1** The programme continues to progress new opportunities as part of an evolving pipeline of sites. Following the successful completion of the first ten new homes delivered under the programme, start on site works has commenced on a set of additional schemes which will deliver a further fifteen new homes. The outcome of planning submissions comprising six new homes is due in early 2019. Public consultation events are taking place in January and February 2019 on multiple further schemes which, if approved, will deliver 21 three-bed homes. All these homes will be retained by the Council and let at social rent levels.
- 21.2** Phase 2 of the Small Sites (Infill) programme was recently approved 'in principle' at Capital Review Group with a CMR due to be issued for review in January 2019. It is envisaged that Phase 2 will deliver circa 80 affordable homes in the Borough.
- 21.3** A planning application for the conversion of four estate offices into six residential homes has been submitted in the period, pre-application consultation is due for six further sites throughout January and early February 2019.