



Housing, Finance and Regeneration Policy and Scrutiny Committee

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Finance and Resources

1. 2019/20 Final Settlement

1.1. The final 2019/20 local government finance settlement was confirmed by the Secretary of State for the Ministry of Housing, Communities and Local Government (MHCLG) on 5 February 2019. The final settlement for the Council contained no new announcements or changes over what was announced in the provisional settlement from 13 December 2018.

1.2. The key highlights for the 2019/20 settlement for the Council are:

- Confirmation that in 2019/20, the Business Rates Pool will continue at 75% retention for London;
- A reduction which had already been anticipated in the 2019/20 MTP of £8.500m for core funding;
- Confirmation of the New Homes Bonus grant for 2019/20 which will total £8.370m; and
- A one-off non-ring-fenced grant of £1.364m which is the Council's share of the surplus in the national Business Rate Levy account.

2. Council Tax

2.1. The key highlights for the 2019/20 settlement for the Council are:

- Confirmation that in 2019/20, the Business Rates Pool will continue at 75% retention for London;
- A reduction which had already been anticipated in the 2019/20 MTP of £8.500m for core funding;
- Confirmation of the New Homes Bonus grant for 2019/20 which will total £8.370m; and
- A one-off non-ring-fenced grant of £1.364m which is the Council's share of the surplus in the national Business Rate Levy account.

2.2. The Council has proposed the following for 2019/20 Band D Council Tax:

Council Tax Band D Rate:	2018/19 (£)	2019/20 (£)
Approved Band D Council Tax	416.27	
2.1% increase for Core Council Tax		8.74
2.0% increase for ASC Precept		8.33
Proposed Band D Council Tax		433.34

2.3. The above is set out in more detail in the 2019/20 Council Tax and Budget Report, which was presented to Cabinet on 25 February 2019 for recommendation for approval by Full Council on the 6 March 2019.

2.4. Further to the above, the Council collects a precept on behalf of the Mayor of London and the Greater London Authority (GLA). For 2019/20, the GLA Precept was proposed to increase from £294.23 to £320.51. This consists of an increase for the:

- the policing element of the precept totalling £24.00;
- the non-policing element of the precept totalling £2.28.

2.5. The above was confirmed at the meeting of the London Assembly on 25 February 2019.

3. Local Government Funding Beyond 2019/20

3.1. By 2020/21, based on current plans, local government finance will be subject to:

- Spending Review 2019;
- Fair Funding Review (FFR); and
- (Further) Business Rates Reform.

3.2. Spending Review 2019

This will set the total spending envelope for the public sector and will include a determination of the total available funding to local government. It is not known exactly when this announcement will be or how many years it will cover beyond 2020/21.

3.3. Fair Funding Review (FFR)

The FFR will take the total available funding, as assessed by the Spending Review 2019, and will calculate the relative need of each local authority for this funding. Broadly, the FFR will include a Foundation Formula to fund most services and a separate service-specific formula for others, for example, Adults Social Care, Public Health, and Children's Services. Each formula will include a cost driver(s) and be adjusted for Area Cost Adjustments, such as property costs (business rates) and labour costs. Additionally, each authority's relative needs assessment will be "dampened" down by a Relative Resource Adjustment. For example, the Government will take account of what income, such as Council Tax, can be raised locally.

3.4. The Council submitted a response on 21 February 2019 to MHCLG on the second Fair Funding consultation, the 'Review of Local Authorities Relative Needs and Resources'. The consultation did not contain any data to enable the Council to model the impact of changes.

3.5. The consultation included some unexpected proposals which the Council (and other local authorities) have argued against in the consultation response. The key concerns include:

- The removal of deprivation as a cost driver in the Foundation Formula;
- The inclusion of homelessness as a service in the Foundation Formula as opposed to having its own service specific formula;
- The use of a notional figure for Council Tax in the Relative Resources Adjustment as opposed to actual levels of Council Tax; and
- The inclusion of surplus parking income in the Relative Resources Adjustment.

3.6. (Further) Business Rates Reform

Finally, after the calculation of total available funding from the Spending Review 2019 and the assessment of relative needs for this funding from the FFR, there is a distribution of funds to authorities via Business Rates Retention. By 2020/21, authorities will retain 75% of locally collected Business Rates (subject to top-ups and tariffs). The Business Rates Retention system will also include some reforms from 2020/21, including extent of reset periods and treatment of growth.

3.7. The Council will continue to monitor developments in the Spending Review, Fair Funding Review and Business Rates Reforms.

4. Revenues and Benefits: Benefits Service

4.1. 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.

5. The Transition from Housing Benefit to Universal Credit

5.1. The Council continues to work 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 Housing Benefit claimants when they start to transition over in 2020. A potential test phase could commence in Summer 2019.

5.2. The Government has recently announced that the requirement to provide personal budgetary support and digital assistance will transfer from a local authority responsibility to a national contract with the Citizens Advice Bureau (CAB) with effect from 1 April 2019. The details of this arrangement are still unclear. Officers are working with DWP to clarify the position.

6. Community Contribution

6.1. The Community Contribution has raised over £600k so far.

6.2. The London Borough of Lambeth, and the Royal Borough of Kensington and Chelsea have announced they will be adopting similar schemes.

6.3. The Community Contribution fund will be open for applications shortly.

7. SAP Implementation (Integrated Business Centre)

7.1. Now the launch is complete further work will be progressed to ensure new ways of working are embedded and benefits are realised in full.

8. Key Staff Changes

- 8.1.** I am delighted that the new Executive Director for Finance and Resources, Gerald Almeroth, started on Monday 4 March and I am looking forward to working with him.

Treasury and Pensions

9. Treasury

- 9.1.** Investment balances as of 31 December 2018 stood at £1.094bn. The weighted average return for December 2018 was 0.86%. This compared to an average investment balance of £1.151bn in Period 8, which generated an average return of 0.83%.
- 9.2.** Treasury investments at 31 December 2018 consisted of bonds, cash notice accounts, money market funds and fixed interest investments (cash lent to banks and local authorities for a fixed duration). All Prudential indicators to 31 December 2018 have all been complied with and all investments are within the limits as set out in the 2018/19 Treasury Management Strategy Statement approved by Full Council on 7 March 2018.

10. Pensions

- 10.1.** The valuation of the Westminster City Council Pension Fund as of 31 December 2018 was £1.333bn. The estimated funding level for the Westminster City Council Fund as assessed by the actuary at 31 December 2018 was 94.5%. A fall in equity markets took place in the run-up to Christmas and the New Year, but markets have since rebounded sharply in January and February 2019.
- 10.2.** The value of pension fund investments managed by the LGPS pool, London Collective Investment Vehicle (LCIV), at the end of Period 9 was £631m. The LCIV holdings represents 47% of the pension fund investments of £1.333bn at 31 December 2018.

Property

11. Corporate Property Projects

- 11.1.** Corporate Property Projects manages 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, which includes feasibility, design, construction phases.
- 11.1.1. Portman Children's Centre**
Approval to progress improvements at the Portman Centre has been granted to

provide an enhanced Family Hub adjacent to the Church Street regeneration scheme. A meeting has been held with the Council's multi-disciplinary consultant, Westminster City Council Information Technology Team and the Portman Centre service users to begin evolving the design and specification for the Centre's remodelling. The aim is for the specification to be complete by end of April.

11.1.2. Coroner's Court

All participant Councils to the Westminster Coroner's Court (Westminster City Council, Royal Borough of Kensington and Chelsea, the London Borough of Wandsworth and the London Borough of Merton) have approved plans for its extension. Plans are agreed along with a budget and the programme of works can now commence.

12. Facilities Management Transition

- 12.1.** Responsibilities currently held by the Link, the outsourced Tri-Borough Facilities Management function, will transfer into the Council soon. A Cabinet Member Report has been issued to confirm the appointment of a new service provider for hard and soft FM services.

13. City Hall Refurbishment

- 13.1.** Practical completion of the extensive refurbishment of City Hall is expected on 28 February 2019. The constructed contract was agreed on sectional terms allowing handover of various parts of City Hall at different stages. This allowed the Council to move back under a compressed programme and all areas used by the Council were handed over to the Council in January and early February. The roof, plant room and façade of the building will be handed over and full Practical Completion of the construction phase at the end of February.
- 13.2.** Moves from Strand and Portland House are ongoing, with the first move for the Council to begin re-occupying City Hall occurring on 4 February 2019. The moves from Strand and Portland House are expected to complete on 11 March 2019. The leases on Portland House will expire on 24 March 2019 and the lease on 5 Strand will expire on 23 June 2019.

14. Investment

- 14.1.** For the current financial year, the total gross annual income increase generated from the Council's investment property is broken down as follows:

Increase from Rent Reviews	£1,195,378
Increase from Lease Renewals	£100,038
Increase from New Lettings	£84,400
Total	£1,379,816

Regeneration and Development

15. Church Street

- 15.1.** Following completion of the Stage 1 design work on Church Street sites in January, which included initial design feasibility, financial modelling, the design development has progressed into the Stage 2 works.
- 15.2.** The S105 Options consultation with directly affected residents and wider community will take place for six weeks from early March 2019. This engagement is about options for the sites and how the residents can be involved in that process.
- 15.3.** Engagement with WCC Development Management, Markets and Regeneration Teams, Commercial Strategy consultants and the GLA planning team is ongoing.
- 15.4.** Housing need analysis has been completed across the Church Street area and this information has been used to gauge a better insight into the preferences and housing needs of those affected by the regeneration programme. This exercise will contribute towards informing the likely sequence of phasing and tenure mix of the redevelopment programme.
- 15.5.** A contractor has been appointed to deliver the Cosway/Ashbridge/Ashmill schemes and they are now carrying out all 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.

16. Ebury Bridge

- 16.1.** The plans for the comprehensive renewal of the Ebury Bridge estate are continuing to progress well. Successful land assembly activities by the Council has resulted in vacant possession of Edgson House, where demolition activities are now underway to enable the delivery of the meanwhile use and very low levels of occupation in Wellesley, Wainwright, Hillersdon, Dalton, Mercer, Pimlico and Bridge House that will enable the delivery of Phase 1 redevelopment by the Council.
- 16.2.** Approval is currently being sought for the Council to self-deliver an expanded Phase 1 that will enable the Council to meet most of their re-housing requirements of the project and enable decant of those blocks in subsequent phases. This expanded Phase 1 will deliver 216 new homes in two new blocks, together with one of the new, high quality public open squares. It will also align well with the meanwhile use provision and offer a cohesive and better sense of place for the new Ebury. The Community Futures Group (CFG) is very supportive of the expanded Phase 1 proposal and the ability this provides locally to meet the re-housing provision to existing residents.

- 16.3.** The team are currently undertaking a RIBA 2 refresh and undertaking early engagement with planning to ensure the delivery of a hybrid planning application together with a detailed planning application for Phase 1 for the end of 2019.
- 16.4.** Securing vacant possession of the existing blocks is now at the forefront of the team's activities and the legal processes to ensure this delivery by the agreed milestones are underway. The related procurement exercises required to ensure the delivery team, demolition contractor and design and build contractor for the delivery of Phase 1 are also being planned and mobilised in accordance with the programme.
- 16.5.** We are also expanding the Council's project team to ensure appropriate capacity and capability to deliver the Ebury renewal plans. Dedicated development staff together with wider project team resources for programming and project support are critical.
- 16.6.** Following a survey of the housing needs of existing residents, both on the estate and who have temporarily moved away, the Council will shortly consult with all residents the anticipated phases of work for the delivery of the Ebury Bridge regeneration scheme. The first phase of regeneration will allow the majority of Ebury Bridge residents who have the Right to Return the ability to move once, directly in to their new home.
- 16.7.** Continued engagement with and involvement of local residents remains central to the project in terms of delivering the Council's decant strategy, in the design development process and in the overall governance arrangements for the project.
- 16.8.** The CFG have been part of discussions around the anticipated phases of work and the tenure mix in new blocks. When forming proposals, the feedback from the CFG has been factored in to the tenure mix for new homes and the group has welcomed the news that the phase one blocks would reduce disruption and allow all the Right to Return residents move permanently or temporarily into their new home.
- 16.9.** Residents of the estate will also be involved in the development of the re-housing strategy for existing residents and the lettings plan for new homes.

17. Paddington Green (Parsons North)

- 17.1.** The site is now established, and the enabling works are progressing with the demolition of the basement car underway. The sub-contractor pricing is progressing for the main contract and the cost consultant team are monitoring to ensure the council achieves best value. The scheme is targeting main contract award in late May. Completion of the scheme is expected in Spring 2021.

18. Tollgate Gardens

- 18.1.** On site construction of the new homes, community centre and landscaping continue. The scheme will see the delivery of 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.

18.2. 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. Consultation on a lettings plan, which will set out how the remaining homes will be allocated, is due to commence shortly.

18.3. The Council is working with the residents of Tollgate House on the appointment of an independent surveyor to ensure that concerns raised by residents about the structural integrity of the block following completion of the improvement works are addressed appropriately.

19. Tenant Policy for Housing Renewal Areas

19.1. The Council consulted on this updated policy until 8 February 2019. It set 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 were 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.

19.2. The policy also sets out the help and support for other tenants in housing renewal areas, including homeless households in temporary accommodation and private rented tenants.

19.3. Following the closure of the consultation, the Council is currently analysing responses.

20. Carlton Dene, Peebles House and Westmead

20.1. The consultation with residents at Carlton Dene, Westmead and Peebles House is now complete, and officers are considering the responses.

21. Beachcroft

21.1. 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.

21.2. Following the agreement of the extension of time arising from the delays from UKPN, the completion date has been revised to June 2020. The contractor is progressing well and is on target to meet the revised completion date.

22. The Infill Programme

- 22.1.** The Council has recently let two further new homes completed under the programme. The homes were let under a local lettings plan which enabled two overcrowded households living locally to avail of the new homes, one of whom lived on the estate. This is an example of the positive benefits we are able to achieve through the infill programme. The programme continues to progress new opportunities as part of an evolving pipeline of sites. Public consultation events have recently been completed for a further package of schemes which have the capacity to deliver 21 social rented homes.
- 22.2.** The outcome of planning applications for delivery of six new homes across four sites – conversions of former offices, a laundry room and an under-croft space, is expected in March 2019.

23. Wholly Owned Company

- 23.1.** As requested by the committee, there will now be updates on the Council's wholly owned housing company (WOC).
- 23.2.** The WOC was established to help deliver the Council's ambition to increase the supply of housing affordable to those living and/or working in Westminster and approved the formation of two companies to help ensure tax efficient operations.
- 23.3.** Specific business objectives are:
- to provide more affordable - Intermediate and market housing in the city;
 - to offer new tenures and, in particular, sub-market tenures to extend the range of provision available for those living and working in Westminster;
 - to increase housing delivery at a scale, pace and quality set by the Council and with control and ownership of the assets retained by the Council; and
 - to offer a flexible partner for the Council in delivering housing.
- 23.4.** It is considered that good progress has been made in establishing the company and the Business Plan developed should provide a solid and robust basis for development activities to commence in 2019/20. These will support the Council's drive to provide more homes for working people on middle and lower incomes.
- 23.5.** Workstreams that the team are concentrating on currently, include:
- Communications Strategy, branding, marketing and public relations;
 - Legal agreements for service level agreements; and
 - Housing management and lettings agreements.