

# Housing, Finance and Regeneration Policy and Scrutiny Committee

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<b>Portfolio:</b>	<b>Finance, Property and Regeneration</b>
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## **Finance and Resources**

### **1. Fair Funding Review and Spending Review**

As previously mentioned, there are three key variables that will determine the Council's future funding position. These have previously been anticipated (based on released information and past trends) to likely have adverse impacts on the Council's future resources beyond 2020/21. These variables are:

- HM Treasury's three-year Spending Review (SR);
- Ministry for Housing, Communities and Local Government's (MHCLG) Fair Funding Review (FFR);
- MHCLG's Business Rates Reform;
- Overarching economic instability.

The three-year SR was previously announced to be conducted between July 2019 and conclude by Autumn 2019 but was deferred and replaced with a one-year Spending Round for 2020/21 in September 2019. The delayed SR has meant that the FFR and Business Rates Reform have been pushed back from being implemented in April 2020. Although the Spending Round for 2020/21 contained generally positive messages for the Council (such as a continuation and increase of social care grants for 2020/21), the delayed three-year SR ultimately prolongs the uncertainty facing the sector as a whole on the future of funding levels.

However, this presents the Council with a new opportunity to continue its engagement with HM Treasury and MHCLG to highlight the risks to its funding from the above and options to provide financial independence to the Council without placing additional burdens on HM Treasury.

There is further uncertainty around the 2020/21 local government finance settlement, which is normally announced in December, because of the announcement of the General Election.

## **2. Revenues (Council Tax and NNDR (Business Rates))**

Council Tax collection has improved and collection is now only 0.2% below the same point last year. At this time last year, our end of year collection rate was 96.7%, which was the Council's highest ever collection rate.

The current year collection rate for National Non-Domestic Rates (NNDR) is progressing well and is exactly equal to the same point last year, which should mean that we are likely to meet, or hopefully exceed, last year's collection rate of 98.0%.

The Council also collects Business Improvement District (BID) levies for the borough's 12 BIDs. Collection is progressing well with nine of the 12 BIDs showing improved collection on last year.

## **3. The Transition from Housing Benefit to Universal Credit**

The Council continues to work with the Department for Work and Pensions (DWP) on a regular basis to ensure that the future transition of existing Housing Benefit claimants (who are not from an exempt category, such as pensioners, residents in supported housing or temporary accommodation, or residents with an existing benefit which includes a Severe Disability Premium) to Universal Credit will be as smooth as possible. This transition is called the 'DWP's Managed Migration' and is due to start in 2020. The migration rollout will follow a DWP pilot in 2019 with a single local authority area (Harrogate).

## **4. Community Contribution**

The Community Contribution has raised £888,499 (including gift aid) to date.

The City of Westminster Charitable Trust controls the Community Contribution Fund, including how much is allocated and which local projects are supported. The Trust is independent of the Council. The Trust has so far allocated funding to 19 projects. £128,025 has been spread across 9 Rough Sleeping projects (of which £60,000 was a direct award). £129,922 has been spread across 10 Youth Support projects.

## **5. Treasury**

Investment balances as of 30 September 2019 stood at £895.9m. The weighted average return as at end of Period 6 was 0.91%. This compared to an average investment balance of £967.0m in Period 5, which generated an average return of 0.92%.

On 9 October 2019, the Public Works Loans Board announced a surprise 1.00% addition to all local authority loan interest rates with immediate effect. The move pushed the 50-year maturity rate from 1.63% to 2.63%. While this will increase the cost of borrowing, such a scenario will increase the return on the cash investment portfolio and the current weighed average return can be expected to improve from the current 0.91% level. Such an increase can be expected as local authorities look to alternative sources for capital funding and the demand for short to medium term inter authority loans can be anticipated to increase, thus increasing the investment return for Westminster's cash investment portfolio.

## **6. Pensions**

The valuation of the Council's Pension Fund as of 30 September 2019 was £1.493bn. The estimated funding level for the Fund as assessed by the actuary at 31 December 2018 was 94.5%. The position is an improvement on the 31 March 2018 of funding level of 92.2% and is

significantly up on the funding level of 80% that was calculated at the triennial valuation of 31 March 2016. An up-to-date funding level will be provided by the actuary once they have completed the triennial review as the actuarial assumptions and membership data are due to change. An initial valuation report went to the Pension Fund Committee on 23 October 2019.

The value of pension fund investments managed by the Local Government Pension Scheme (LGPS) pool, London Collective Investment Vehicle (LCIV), at 30 September 2019 was £1.035bn. The LCIV holdings represent 69% of the pension fund investments of £1.493bn as of 30 September 2019.

## **7. London Living Wage Adoption**

We set a very challenging target to achieve accreditation by the Living Wage Week which commences on the 11 November. The final submission was made on the 22 October, and on the 5 November the Living Wage Foundation confirmed that our application had been successful. Cllr Robert Rigby will formally accept accreditation at an event hosted by the Mayor of London at Somerset House on the 11 November in his capacity as Deputy Cabinet Member for Finance, Property and Regeneration.

## **8. Procurement Restructure**

The scope of the new procurement service will be extended to include procurement activity currently undertaken by separate teams within Adults and Children's Commissioning. At present, final preparation to begin the formal restructure is underway.

## **9. Supplier Financial Resilience**

An initial round of training for Procurement, Finance and Commissioning colleagues has been completed and further work continues to embed a standardised approach to financial assessment across both Westminster City Council (WCC) and RBKC. The next steps will be to formalise trigger mechanisms within contracts, raise awareness of 'early warning signs of financial distress' and to develop pilot a 'monitoring' scheme. This work will also form part of the implementation of the new Contract Management Framework.

## **Corporate Property**

### **10. Coroner's Court**

The Coroner's Court is overseen by Dr Fiona Wilcox, Her Majesty's Senior Coroner for Inner West London (WCC, RBKC, Merton and Wandsworth). In addition to investigating unexplained and sudden deaths and carrying out inquests, the Court is the administration centre for dealing with large numbers of fatalities potentially caused by terror attacks and disasters.

Proposals have been developed to refurbish, remodel and extend the Court, to ensure it is fit for purpose. The building project aims to address these challenges by providing a modern relevant facility where the separate needs of funeral directors, court visitors and bereaved families will be met by the service in one location.

### **11. Portman Early Childhood Centre**

It has been apparent for some time that the existing boilers and distribution pipework at the Portman Centre have reached the end of their lifespan and require complete renewal. It has

therefore been decided the existing site at Portman will be retained to not only benefit from a new heating and distribution system but also be remodelled into a family hub which is the Council's strategic aim. The project has a total budget of £2.951m, inclusive of contingency.

The end service users at the Portman Centre have to date been successfully decanted to 4 Lilestone Street, which is currently operating and functioning satisfactorily. 4 Lilestone Street is scheduled to be redeveloped as part of the Church Street regeneration programme. It is estimated that the construction and redevelopment work at Portman will commence in November 2019 and be completed in November 2020.

## **12. Public Conveniences**

A review of the future service provisions in respect of public conveniences has recently been completed. Officers have been considering value for money in coming to a view as to the best way forward. Further progress is expected to be made by the end of Autumn 2019.

Officers are aware of a number of recent service issues and are addressing these with the facilities team and the Council's contractor to improve the service.

## **Regeneration and Development**

### **13. Church Street**

#### **13.1. Sites, A, B, C and the Lisson Grove Programme**

Following the decision to progress with Option Three as the preferred way forward, the financial viability, decanting and phasing work continues. The Outline Business Cases for both Site A and the Lisson Grove Programme (separately) are being prepared which will capture these strategies.

Residents of Site A and Gayhurst House have been contacted to advise them of the approach and anticipated timescales. Leaseholders have also been notified of the offer to acquire interests in line with the Council's Housing Renewal Policy, and work is underway to facilitate the move process for affected resident households. Tenants from Site A will be offered the first opportunity to move to the newly built offsite development at Lyons Place which is scheduled to complete in late 2019. Lyons Place is located along the Edgware Road and in close proximity to the Church Street Renewal Area, and the Council intends to take advantage of this as a means of providing Church Street residents in affected blocks with the opportunity to achieve a local move to a brand-new home.

#### **13.2. Luton Street**

The Council's wholly owned housing company, Westminster Housing Investments Limited (WHIL) has now entered into a Limited Liability Partnership (LLP) to enable the development and delivery of the Luton Street scheme only.

WCC's partner, Linkcity (Bouygues UK), has already set up on site with demolition due to commence imminently, signalling to the Church Street neighbourhood that regeneration is well underway. This project is due to be completed in 2022.

The development at Luton Street is one of several significant projects that will complete the first phase of the Church Street regeneration programme. The project will provide 168 homes, of which there will be:

- 109 market sale homes, funding the development of 59 affordable homes (40 social rent and 19 intermediate);
- A sports hall and community space;
- 3 new affordable homes on Fisherton Street;
- A green space that will form the first part of Church Street's 'green spine';
- £3m contribution towards infrastructure and public realm funds;
- £2.4m towards improvements to existing Church Street homes around the project.

#### **14.3 Ashmill, Ashbridge and Cosway**

Ahead of the demolition of buildings in January 2020, a package of enabling works commenced on site in late October, which includes the stripping-out of fixtures and fittings, removal of asbestos and the erection of the site hoardings.

The full-scale demolition will commence in January 2020, with construction commencing from Spring 2020. The team remains on-track to achieve completion of all units in the first quarter of 2022.

#### **14.4 Church Street Market**

The Church Street Regeneration Team continues to distribute new gazebos to eligible traders on the market. The holiday season for traders and staff delayed distribution however a concerted effort is underway to ensure all gazebos are received by traders before the year end.

The beginning of September saw two temporary CCTV cameras installed along Church Street. One is placed by the junction of Lisson Grove and the other on the junction of Salisbury Street. These cameras will be in place for approximately three months with a view to extend for a further three months.

#### **14.5 The Antiques Anonymous Vintage Market**

This year's event took place on Sunday 22 September 2019 from 11am – 5pm and saw approximately 60 antiques dealers from across the UK and Europe attend. There was also good representation from partner organisations and community stalls. The Lord Mayor attended and spoke with local businesses and visiting traders at the event.

The main objective of the event is to raise awareness of the existing Antiques Quarter and the profile of Church St as a whole. The event seeks to bring new visitors to the area in the hope this will translate to further visits during the year. It also markets the street to traders from across the country who may be considering a London outlet.

The event brings local businesses and communities together which has gone some way in improving relationships along the street and the wider area. As well as the antiques traders, the event offers stalls to local entrepreneurs, community projects and charities.

### **15 Ebury Bridge**

The Ebury Bridge project has commenced formal pre-planning consultation with residents, neighbouring groups, amenity societies and councillors in surrounding wards. Over 220 people have so far visited the Ebury Bridge exhibition at the pop-up consultation space on Ebury Bridge Road. The initial detailed designs have been developed through two years of collaboration with the Ebury Bridge Community Futures Group and the residents of the estate. The feedback received from groups and individuals will then be carefully considered before a further exhibition is held later in the year. It is anticipated that the planning application for the scheme will be submitted in early 2020.

In preparation for the start of the delivery of the new Ebury Bridge estate, many workstreams are underway or nearing completion. One such workstream is the re-housing of a small number of residents in blocks impacted by Phase 1 of the scheme. The majority of all residents living in Phase 1 of the scheme have moved to appropriate temporary or permanent homes. The few remaining residents have identified properties and work is underway in preparing these homes.

To continue the land assembly work contracts have been advertised across a number of disciplines and procurement is underway. This includes a contractor to undertake early levelling work and a design and build contractor to build the first two new blocks and public square. Other procurement streams have also included specialist advice to assist in progressing the scheme.

In September the innovative 'Ebury Edge' Meanwhile Use project was granted planning permission. The project will see a range of temporary structures built providing premises for local enterprises and community uses. The project is the first of its kind to be delivered in Westminster and will also see the creation of a new events space, a community café and growing plots. The space will be in operation over the next five years and will create a new destination for visitors in the South of the Borough. We are currently in the process of procuring a contractor to build the temporary structures with work starting in November.

As part of the Council's commitment to creating a greener and cleaner city, the Ebury Bridge renewal project is investigating new renewable energy sources that can be used to heat and cool the new homes. Over the coming months, the project team will explore whether the use of Ground Source Heat Pumps is a possible option for the new estate. This technology utilises underground water sources as a means of heating homes with a vastly reduced carbon footprint. The team are exploring these possibilities in addition to Air Source Heat Pumps and Photo Voltaic (Solar Panels) which could cut energy bills for Ebury residents by over 80%.

## **16 Paddington Green (Parsons North)**

A consultation event is planned for December to inform residents of the new entrance and internal residents' room to Parsons House. The Council will also provide imagery showing the design of landscaping improvements.

Work is being undertaken to finalise the management arrangements for the scheme on completion. Alongside this, the sales and marketing team are developing the marketing material for sales launch in the new year.

During half-term in October, residents of Parsons House were taken by the contractor Osborne on a visit to London Zoo.

## **17 Tollgate Gardens**

Clarion Housing, the developer of the Tollgate Gardens renewal, is reporting an end of 2019 finish for the programme. Whilst the Council is disappointed with the delay to programme, we have been very clear with Clarion that we will not accept a rushed finish that compromises the quality of the completed works. All works will be subject to detailed quality checks before they are handed over to the Council. Residents have been updated of the current timeline that Clarion have provided. Those households that have temporally moved to enable the development to take place have been advised that all returning moves will take place early in the new year. In the meantime, in advance of moves, from November the Council will start the process of showing residents the new completed homes. Residents will be able to begin the process of choosing their new home.

On completion, the scheme will deliver 86 affordable homes, 78 of which will be at social rent. The scheme will also provide the communal refurbishment of Tollgate House, as well as

improved landscaping and a new community centre. The community centre has been handed over by the developer and is currently undergoing internal fit out works.

## **18 Beachcroft**

Completion of the care home is scheduled for April 2020 which will be followed by fitting out the building with furniture and other equipment, staff familiarisation and training. This will lead to registration by the Care Quality Commission.

A current task is finalising and approving the interior design for the care home using a specialist advisor and drawing experience from Sanctuary as well as from within the Council. A benchmark flat will be provided by the contractor, allowing for the professional team to review and approve the agreed standard of a finished care bedroom, this agreed standard will then be delivered to the other 83 rooms.

Residents will begin to move in when all construction works are complete on site from July 2020.

The Masefield, which includes the 31 flats for sale on the same site as Beachcroft, will complete June 2020. The sales launch is planned for late October and all work necessary for this to be done is in hand. Interest remains strong and our agents are confident that our sales target figures will be achieved.

Work continues to be in progress on finalising the care contract with Sanctuary and establishing effective estate management processes. The team is working with Housing and Property colleagues to establish an ongoing management strategy of schemes across the Development portfolio.

Good progress is being made on site, the works are sufficiently progressed to allow for the removal of the tower crane; which allows for the site compound to be relocated to facilitate the commencement of works to the new sensory garden.

A full review of the internal decorations proposals has been undertaken with a dementia-friendly design specialist, the recommendations are being incorporated into the scheme, we do not envisage any significant programme impact arising from this. The project remains on-track to complete in June 2020.

## **19 Carlton Dene, the Lodge, Peebles House, and Westmead**

### **19.1 Carlton Dene and Peebles House**

As has been noted previously Carlton Dene will be 100% affordable, including replacement of the 8 social rented flats in Peebles House. The selected architects, Levitt Bernstein, have produced design studies that incorporate comments from the Council's Adult Social Care Department (ASC) and have now agreed the design brief with ASC. We are looking at ways to rationalise the design to ensure future management arrangements are fully considered at an early stage. A revised business case is anticipated in early 2020 and a planning application in Summer 2020.

### **19.2 The Lodge**

Initial design studies have been provided by Calford Seaden and these are being discussed with ASC to determine the most appropriate for the complex needs of people with Autism Spectrum Disorder.

### **19.3 Westmead**

Architects have been appointed and are exploring design options for Westmead. It is anticipated that a planning application will be made in Summer 2020, following a full community consultation.

### **20 Pimlico (Balmoral/Darwin)**

The final drop in sessions as part of early engagement for the Balmoral Castle project are now complete and a range of views have been expressed on the emerging proposals. The engagement has included face-to-face meetings with those residents of Darwin House who have requested it. Further consultation will be held in late Autumn on the Council's response to the feedback received, taking into account all the constraints which apply to the site, especially the heritage of the site, and the mature trees and views to the river. It remains the Council's intention to deliver a scheme that provides new social and intermediate homes on the site. All existing council tenancies will be replaced with council tenancies of newly built homes.

Subject to consultation, the development of a full proposal for the site and planning approval, the Council anticipates work could commence on site in Summer 2022.

### **21 Farm Street**

Following determination of the building contract relating to performance, the developer (Caldwell Properties) have now formalised their contract with Ardmore Construction. Ardmore are on site undertaking intrusive surveys to all elements of the works completed by Chase Construction Ltd. The Council's development team has been monitoring Ardmore's approach and progress and is satisfied that they are acting properly and showing intent to deliver a high-quality building.

Once the surveys have been completed and the results analysed, Ardmore will provide a firm programme. Current indications are that the works will be completed in Spring 2020.

### **22 The Infill Programme**

Planning permission has recently been received on a number of Infill schemes across the Borough. Lapworth Court, on the Warwick Estate, will deliver 7 family homes all at social rent. Two other approved schemes also on the Warwick Estate, Desborough Close and Senior Street, will result in four additional social homes. Other recent approvals are Wellington Street, a garage conversion site in Regent's Park ward, will deliver two further social homes on completion. Another Infill scheme at Blomfield Mews received planning permission and will deliver 14 intermediate homes.

Following completion of public consultation rounds, a proposed scheme at Queens Park Court has been submitted for a planning decision. Subject to approval, this will provide 23 new homes, all at social rent. Consultation has completed on the Torridon House car park scheme and a planning application will be submitted shortly. This scheme will deliver 21 affordable homes if approved.

All homes will be subject to a local lettings plan, meaning that current residents in housing need will have bidding priority on completion.

The Infill programme is progressing feasibility assessments on further schemes, all will be subject to detailed consultation with ward members and resident to hear their views.

## **23 Wholly Owned Housing Company (WOC)**

During October's meeting, the WOC board signed and thereby entered into a limited liability partnership with their partner Linkcity (Bouygues UK) to enable the development and delivery of the Luton Street project, the housing company's first scheme. This will shortly be followed by Jubilee Phase 2 with contracts due to exchange in November.

The WOC Board is concluding a business plan review and considering the future pipeline of schemes. This is being done as part of the Council's consideration of the overall regeneration and development pipeline and the funding available within the Housing Revenue Account (HRA) and from other sources to support that pipeline together with assessment of the most appropriate delivery options. It is expected that the WOC will play an increasing role as more mixed tenure schemes come forward.

The WOC will utilise Council staff to carry out its activities under a Service Agreement between the Council and the WOC. This would provide for re-charge of costs for the services provided. This Agreement together with the basis for re-charging services provided was concluded prior to the Luton Street completion.

## **24 Jubilee**

Following extensive negotiations with Ecoworld it has been agreed that Jubilee Phase 2 will be split into two parts; 2a will include the redevelopment of the Jubilee sports centre and 19 sub-market homes purchased by the Councils wholly owned housing company, and 2b will provide the remainder of the 37 residential units, totalling 56 homes.

To date, the asbestos strip out works, and utility disconnection works have been completed, a build over agreement with Thames Water to allow the constructions works to start is being negotiated, alongside investigations to stop up a small piece of public highway that abuts one of the edges of the site. The actual demolition period will start once the legal terms are concluded and a Thames Water Agreement is in place. It is envisaged these works will commence in the new year and will last approximately 4-5 months.

## **25 Dudley House**

The project achieved Practical Completion on 28 August. Pinnacle Housing who have been appointed by Westminster to manage this scheme on behalf of the Council have entered into a lease agreement with the Council so they can provide tenancies to households who are eligible for intermediate housing in Westminster, that includes household who have lived or worked in Westminster for at least the last 12 months and have household earnings of less than £90,000.

There are 197 homes provided at Dudley House, including studio, 1-bed and 2-bed apartments. Rents at Dudley House are set at approximately 70% of the local market and range from £240 per week for a studio, £320 per a 1-bed and £550 per week for a 2-bed. The 2-bed flats can be occupied by two households sharing.

Household incomes required to afford to rent a property at Dudley will be approximately £31,000 for a studio and £36,000 for a 2-bed where two households are sharing a 2-bed.

Over 300 applications have been received to rent a home at Dudley House. Pinnacle are currently checking all applications ensuring anyone offered a tenancy is an eligible household. It is expected that the first tenants will be move in in November.

## 26 Policy for Tenants in Housing Renewal Areas

The Policy has now been finalised and an easy to read summary is being produced and will be distributed to affected residents. The Policy sets out the rights and options for council tenants that need to move due to housing renewal which are in summary:

- Move straight into one of the new council homes if this is possible;
- Move into another social home in Westminster for a temporary period and then move into one of the new council homes when they are ready;
- Move into another social home in Westminster;
- Have high priority for any of the new intermediate homes developed in the housing renewal area.

The new social homes will be of size needed, rather than the same size as the current home, so overcrowding will be resolved, but under occupiers could be offered a smaller home. The Policy provides information on how the size of the new home will be assessed and the general processes that will be followed.

The Policy also sets out the support offered to other tenants in housing renewal areas. Homeless households living in temporary accommodation, that are within twelve months of being rehoused into social housing, will be awarded additional priority to help them move more quickly, so they do not have to move twice in a short period of time. Those that do not meet these criteria will be prioritised for alternative temporary accommodation within Westminster (if they meet existing criteria) or in London. Private tenants will be visited at least once and those at risk of homelessness referred to the relevant services.

The Policy represents an improved offer to tenants, compared to the 2015 one, in that:

### ***Council tenants***

- The right to remain in, or return to, the housing renewal area has been extended to older tenants in Community Supportive (sheltered) Housing;
- Tenants needing to move will have the highest priority in the Allocation Scheme, meaning they can move ahead of most other groups;
- Single people, living in one-bedroom homes, that would normally only be eligible for studio, will be offered one-bedroom homes;
- There is a discretion to offer under occupiers' homes with one bedroom above their assessed need, for permanent rehousing (subject to available supply);
- There is a longer period of time to make an appeal under the Policy.

### ***Other tenants***

- Temporary accommodation tenants will be prioritised for alternative temporary accommodation in London or in Westminster if they meet existing criteria;
- Private tenants will be visited at least once and referred to homelessness services if needed.