

Housing, Finance and Regeneration Policy and Scrutiny Committee

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The Report Of: Councillor Melvyn Caplan, Deputy Leader and
Cabinet Member for Finance, Property and
Regeneration

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This report seeks to update the committee on matters pertaining to the Finance, Property and Regeneration portfolio focusing on:

1. COVID-19: Response;
2. COVID-19: Re-Opening and Recovery; and
3. Operational Updates.

1. COVID-19: RESPONSE

1.1 DEVELOPMENT PROGRAMME

Overall, the Council was able to maintain momentum during lockdown across the Development Programme from early design through construction and sales and completion.

For example, the Development team were able to hold design team meetings virtually thanks to the use of Building Information Modelling and other virtual design technologies, delays to the design phase for projects were kept to the bare minimum.

The team worked closely with the supply chain to ensure that all sites that could safely operate during lock-down did so. As a result, 30% of the sites remained open throughout, with the Delivery team Project Managers visiting the sites and undertaking limited inspections on a weekly basis. Constant dialogue was maintained with all contractors which meant that as soon as the Construction Leadership Council guidance changed, we were able to re-open more sites safely, 100% of the sites were active by 22 May. The methods of working, site operating hours and best practice continues to be reviewed to improve productivity, however most sites are still only able to operate at 70% to 80% production due to the limited amount of labour that can be present on site under current guidance.

We have started on site with new projects at Falkirk House, John Aird Court, Sunderland House and Edinburgh House.

The Development Sales team have been very active throughout the period, they have monitored market conditions and reviewed our product and price carefully throughout. The team have been able to successfully launch the new developments at Carrick Yard (Luton Street) and Venice Court (Parsons North) whilst maintaining market interest and retain purchasers at The Masefield (Beachcroft). The result has been that since 16 March the team has secured 57 offers, 24 of which

have exchanged contracts, bringing the total to 85 reservations and exchanges across the three schemes so far. The value of the offers agreed is just over £79.5million currently, meaning the team have already been able to achieve almost £2.4million above the business plan figures for the sales on these units.

1.2 CAPITAL PROGRAMME

Overall, we anticipate that this year will see a significant drop in the level of spend (and capital receipts) compared to budget. This is expected as there have been delays to the programmes in response to Government guidelines. As a result, we are asking officers to look very carefully at the reprofiling of spend as part of the next budgeting review process, both in terms of value and timing.

1.3 STRATEGIC FINANCE

The Commercial and Financial Management team have been working closely with Heads of Service and senior managers on how the impact of COVID-19 and Government restrictions and guidelines affects our sales, fees and charges and other commercial, investment and rental income, as well as the additional cost of responding to the crisis and supporting our communities. This has been reported to all Members through the Period 2 Monitoring Report, which was previously circulated. The Period 4 Monitoring Report will be presented to Council's Audit and Performance Committee later in September, so will be available to all Members to review once papers are published.

1.4 REVENUE AND BENEFITS

As part of the Government's national response to COVID-19, the Council implemented financial assistance to the Borough's claimants with their rent, as well as increasing Council Tax Support awards by up to £150 (applicable in scenarios where a resident was already in receipt of this support but had a remaining Council Tax balance to pay) to schedule.

There were a number of financial support and relief schemes for businesses that were made available in response to COVID-19. For example, the Council was the first local authority in the country to utilise 100% of its initial Government funding allocation of grants for businesses. To date, the Council has paid out 5,570 grants totalling £98million, which has been fully funded by Government.

A Discretionary Grant scheme was also devised to align with the Government's priority areas. This scheme offered 399 grants of £10,000 that were fully funded by Government. The Council received nearly 1500 applications for the 399 grants of £10,000 that were available, and to date 346 grants have been paid, with the remainder due to be paid out by the end of September.

In addition to these schemes, the Council has been administering new applications under the Government's 'Enhanced Retail, Hospitality and Leisure scheme'. This has resulted in nearly £1 billion of relief being awarded, which reduces the annual collectable national non-domestic rates (NNDR) debit from £2.4billion to £1.4billion.

1.5 CORPORATE PROPERTY

The Council's Corporate Property team responded in a number of key areas to address the immediate impact of the pandemic and the resulting lockdown. This included the following:

- The provision of support to services to ensure that their buildings were safely closed down and that security arrangements were in place;
- Ensuring that public conveniences remained open, free to use and kept safe for users;
- Sourcing, storing and distributing 970,250 items of Personal Protective Equipment (PPE) to front-line staff and care homes;

- Supported the delivery of food (and later hot food) packages to rough sleepers and our Adult Social Care (ASC) locations seven-days a week, amounting to a total of circa 69,000 food deliveries (an average of 860 packages per day);
- Implementing new arrangements to support the directive for staff to work from home, such as the delivery of over 760 office chairs to staff, scanning of incoming post and forwarding to departmental representatives; and
- Converting the 18th floor of City Hall as an operational centre for the Borough Emergency Command Centre (BECC).

1.5.1 BUILDING CLOSURES AND MAINTENANCE

Throughout lockdown, the Corporate Property team maintained the 24-hour operation of City Hall and Lisson Grove and continued to carry out Planned Preventative Maintenance and cleaning as business as usual. The team also carried out weekly unoccupied building checks to meet insurance and statutory compliance for the thirteen libraries within the Facilities Management portfolio.

The Corporate Property team carried out a number of actions to support the operation of our buildings during lockdown. This included the following:

- The implementation of full-time cleaning and security teams at sites that are home to our Libraries, Archives and Registrar Service to manage the social distancing and enhanced cleaning requirements;
- The installation of hand sanitiser units and the provision of hand gels and pedal bins across the Council's Corporate Property estate;
- Supported Community Halls and Regeneration offices with the installation of COVID-19 related signage;
- Assisted with the mobilisation of the "Internet services for Residents" at Church Street Library and Victoria Library; and
- Held weekly meetings with the Council's Corporate Health and Safety teams and our Facilities Management provider, Bouygues, to review our COVID-19 Re-occupancy Programme.

1.6 PEOPLE SERVICES

1.6.1 AGILE WORKING

From the onset of lockdown, the People Services team worked with our Information Technology (IT) team, and other functions, to ensure agile working was effective. As there had been a lot of work put into developing agile working over the past 18 months as part of creating a modern working environment within our people strategy the Westminster Way, this enabled the Council to respond quickly and effectively to working from home. As part of this work, the People Services team have ensured that staff had the resources and equipment to be able to work from home for a sustained period of time. This has included the supply of keyboards and monitors where needed, along with the provision of office chairs to peoples' homes to ensure they can work comfortably and without risk of back pain. The chairs have been particularly welcomed by staff.

There has been a real focus on staff wellbeing from the outset of the pandemic led by the People Services team. This has focused on:

- Ensuring staff have access to COVID-19 testing, with a clear process to follow if symptoms arise;
- Working with Emergency Planning teams to ensure the provision of PPE for front line workers;
- Clear communications on health and wellbeing specifically related to COVID-19, which led to the creation of a dedicated wellbeing page on the Council's intranet site; and
- A deep and committed focus on staff mental health to ensure that all staff were supported and had a number of resources to support them (such as training, wellbeing newsletters, and

ensuring an agile approach to managing annual leave, granting managers discretion on how much paid leave to offer their team members to support them in exceptional circumstances).

1.6.2 STAFF REDEPLOYMENT

At the beginning of the pandemic, it was clear that there may have been a need to redeploy staff into front line roles where COVID-19 absence impacted on services ability to maintain activity.

In order to support the Council's response to the pandemic, Westminster Connects was set up to coordinate contact with shielding individuals in the community, required large number of staff to be redeployed from other areas. In addition, staff were required to support the Council's Emergency Response team and other corporate activities, which also required additional staff to help support the Council's response. In total, 134 staff were redeployed to services as part of the Council's response (See Figure 1 for more detail).

As staff were redeployed to different service areas as part of the Council's response, training packages were quickly developed to assist in staff building basic knowledge to be able to undertake the roles they were redeployed to. This was also done for staff who were identified to support ASC in the event of there being staff shortages as contingency (See Figure 2 for examples of some the modules created for ASC).

FIGURE 1: STAFF REDEPLOYMENT IN RESPONSE TO COVID-19

Team	Number of staff redeployed
Emergency Response team	17
Westminster Connects	91
Response team	9
Economy team	15
Rough Sleeping team	2
Total number of staff redeployed	134

FIGURE 2: EXAMPLE OF TRAINING MODULES MADE AVAILABLE FOR STAFF REDEPLOYED TO ADULT SOCIAL CARE

- Introduction to Social Care;
- Working in Residential and Home Care;
- Working in Information and Advice for Adult Social Care;
- Working in Hospital Discharge;
- Introduction to Adult Social Care;
- Practical Guidance for working with those affected by dementia;
- Autism: Understanding the Facts;
- Safeguarding Adults for Non-Adult Services; and
- Dementia Friends Awareness.

2. COVID-19: RE-OPENING AND RECOVERY

2.1 DEVELOPMENT PROGRAMME

The Council continues to work on its Housing Development Programme and sees this as critical for the recovery and regeneration of Westminster.

As part of our recovery process, procurement opportunities across the programme have been brought forward, with some major contract awards achieved (such as the Ebury Bridge Design and Build contract, and the Lanark Road Contract Award).

In addition, the Development team are actively exploring the potential acceleration of delivery across the programme and have explored on site facilities and flexibilities around extended working hours with local communities and the planning department to enable a recovery of programme and socially distant working, particularly with various trades during fit out. This will feed into the Contractor Purchasing System Review 2020 process.

2.2 STRATEGIC FINANCE

The Council is monitoring the recovery of activity and the financial implication and forecasts for services such as, but not limited to, parking, commercial waste, and roads management income. The Finance team are challenging the assumptions and assessing the impact on the medium-term financial plans as part of this process. It is inevitable that COVID-19 will have implications for the Council's budget for 2021/2022, which will become clearer over the coming months and clarified as part of the budget setting process.

An update on how the Council's financial position has been impacted by COVID-19 will be outlined in the Council's Period 4 Monitoring Report, which as aforementioned, will be made available to all Members upon publication of Committee papers for the upcoming Audit and Performance Committee later in September.

2.3 REVENUE AND BENEFITS

The Council recognises the financial hardship that residents and businesses have faced as a result of the lockdown and the Government's nationwide response to COVID-19. As a result, we have adopted a sympathetic approach to sundry debt collection. This included suspending all debt collection activities to 1 June 2020, and slowly recommencing by issuing reminders, although legal action remains suspended. In addition, customers are being encouraged to co-operate to resolve debts, with requests for longer term repayment plans being sympathetically treated.

The Council is also currently drafting a proposal to address a major increase in NNDR Hardship applications due to the pandemic. In 2019/20 the Council received 34 Hardship claims, however, to date in 2020/21 the Council has received 564 applications. As part of this process, the Council's Business and Enterprise team have assisted the Council's Revenue and Benefit's by offering appointments to each business to provide advice, as well as assess if each business has exhausted all other financial avenues. We hope to have a policy and process in place in the coming weeks.

2.4 TREASURY MANAGEMENT

For the foreseeable future, the ultra-low global interest rates will have an effect on the Council's Treasury investment yield as money market rates near zero, coupled with the possibility that interest rates may venture into negative territory in future years.

The Treasury team have continued to monitor the Council's cash flows to help plan future requirements and exploring future borrowing opportunities to ensure best possible long-term funding on future capital expenditure. Alongside this, the team have been maintaining large liquid balances in accessible accounts to cover unforeseen demands on cash.

2.5 CORPORATE PROPERTY

The Corporate Property team have adopted the voluntary Government Code of Practice for commercial relationships during the pandemic. It encourages tenants to continue to pay their rent in full, if they are in a position to do so, and advises that others should pay when they can. It acknowledges that landlords should provide support to businesses if they are able to do so. This Government Code of Practice specifically mentions that where grants have been provided, the support should be used to help meet the costs of maintaining their businesses and saving jobs, including rent.

However, there have been instances, where the Council has provided financial assistance to its commercial tenants. For example, for those commercial tenants that were forced to close their premises due to Government guidance, a rent-free period for the March 2020 quarter, was granted.

2.6 PEOPLE SERVICES

The People Services team have worked with the Corporate Property team to ensure appropriate social distancing and a safe working environment in our offices is provided for staff, which has been informed by detailed risk assessments. There is currently a maximum of 315 workspaces at City Hall and approximately 60 workspaces at Lisson Grove for staff wishing to return to the office.

3. OPERATIONAL UPDATES

3.1 REGENERATION PROGRAMMES

3.1.1 COMMUNITY ENGAGEMENT

To support our Regeneration and Development programmes, the Community Engagement team have reshaped our public consultation activities utilising online promotion, interaction and consultation methods in addition to a greater use of letter drops which has proved effective.

For example, through the use of digital media and tailored engagement, the Ebury Bridge pre-planning consultation, which took place during lockdown in May, saw a significant increase in responses from residents in the local area. This was achieved through the use of accessible online platforms, tailored written materials and telephone calls. In total the second-round consultation saw a 36% increase in responses from the first round held in November 2019.

For the final round of consultation on Balmoral, the new approach combining digital, online and telephone engagement tools, reached more than three times as many residents compared with our last round of public engagement. Using just the phone, we reached 85% of target households and held meaningful conversations, including dozens of translated calls that allowed us to speak to residents in their native languages, reaching those 'hard to reach' households that had not engaged previously. Over the course of this consultation, we reached an estimated 320 residents, bringing the total number of residents engaged throughout the year-long consultation period to over 500.

At Westmead, our online consultation hub was especially effective, with nearly 800 unique page views during the consultation period and four times as much written feedback via the digital survey than we received previously. Overall, we reached an estimated ten times as many residents, and noted a marked improvement in the quality of engagement, with residents asking detailed questions and engaging in a more substantial way.

For the first round of engagement on Carlton Dene, the new approach allowed us to reach almost 200 residents over the month-long consultation period. Using the phone, webinars and other digital methods, we recorded detailed feedback and over 75% of residents were positive about the proposals. By speaking with residents in more detail, we also gained useful insight into the kind of information they want to see at the second round, planned to launch on 28 September.

3.1.2 EBURY BRIDGE

In July the planning application for the renewal of the Ebury Bridge estate was submitted to the Local Planning Authority at Westminster. This significant milestone followed over two years of collaborative working with residents of the estate and people living in the local area. The application was formed in two parts, a detailed application for two buildings to be built in Phase One of the scheme and an outline application of the remaining buildings across the estate. It is anticipated that a Planning Committee will decide the application before the end of 2020.

In the meantime, the contractors working on site have continued the enabling work at pace. In total, five separate contractors delivered work on the Ebury Bridge scheme throughout the lockdown period. The work on the empty blocks at Wainwright, Wellersley, Hillersden, Dalton and Mercer are very close to completion and preparatory work on the footings is now underway.

The test wells, drilled to investigate a sustainable underground energy source, have been completed and the results from this analysis have now been collated. The project team have been able to confirm that a Ground Source Heat pump system using water from 100 metres below the estate can deliver a heating and hot water solution for the new development. This type of innovative system is becoming more common in residential developments with Nine Elms and Chelsea Barracks employing this technology. Ebury Bridge is however one of the first local authority led developments to put in place Ground Source Heat pumps in the route towards zero carbon neighbourhoods.

As empty blocks are removed opportunities arise for temporary uses and exciting projects, including the Ebury Edge Meanwhile Use, which is a set of timber units has risen from the ground where the Edgson House block once stood. The units will be used to incubate fledgling local businesses bringing both interest and vivacity to the local economy. The scheme will be supplemented by a new community café, workspaces, a community centre and a central events space and shared communal growing plot. Ebury Edge is scheduled for completion in early October with the new operators establishing their businesses ready to open to the public.

The Council has committed to take forward the delivery of Phase One of the Ebury Bridge renewal scheme itself. This work would commence in 2021, should planning permission be granted by the Local Planning Authority. To ensure the Council identifies the most appropriate delivery routes for subsequent phases of the scheme, constructive engagement with the housing investment market is being carried out. This has involved dialogue with a number of organisations with a particular focus on the market rent element of the scheme. The feedback the team receives from the potential investment partners will inform recommendations for approval around November 2020.

3.1.3 CHURCH STREET

The continued decant of Site A is vitally important to the success of the Church Street programme; however, the wellbeing, health and safety of all Church Street residents has and will continue to be the Council's highest priority. Therefore, in accordance with Government guidance, all planned Site A tenant moves to the new development, Lyons Place, were postponed in March 2020 to protect tenants. Similarly, all planned moves from Lambourne House were placed on hold. All tenants were contacted by a dedicated officer from the Relocations team and kept updated throughout the lockdown period, and were contacted again in June 2020, once Government guidance was revised, to assess whether they were happy to move. To date, 25 tenants from Site A have moved to Lyons Place, and a further 14 tenants from the Community Support block, Lambourne House, have decanted from the site.

Similarly, the Council has continued to maintain contact with Site A leaseholders throughout the pandemic, particularly in cases where a leaseholder had accepted an offer by the Council. Due to social distancing restrictions, valuations and property surveys were postponed, to protect the wellbeing of both Council staff and residents. Again, only once the Government guidelines were revised, did any physical visits resume.

In January 2020, the Council wrote to all businesses occupying Site A to notify them of the regeneration works. Due to the pandemic, a decision was agreed that the Council would postpone further action on this matter, and instead Property Services engaged with businesses to offer them financial and advisory support. Now restrictions have relaxed, the Council have instructed Savills to

commence contact with these commercial leaseholders to continue with the programme's vacant possession objectives.

In September, the Council plans to hold an engagement session to receive feedback from the public on the completed Stage Two designs for Phase One of the Triangle project ahead of submitting a planning application at the end of September 2020.

3.1.3.1 COMMUNITY ENGAGEMENT AND OPPORTUNITIES FOR CHURCH STREET

Recently, the Create Church Street Fund was launched via the Crowdfund Westminster platform. The fund has made £150,000 in funding available for residents and groups who want to run arts and creative projects in the Church Street area. This has enabled us to channel that fantastic community spirit to support local Church Street projects that will help residents get back on their feet, learn new skills and care for their local environment. There will be additional support and advice to groups who might be trying crowdfunding for the first time.

This September the Neighbourhood Keepers (NK) Programme is launching Round Seven of the programme funding. The Programme is targeted at the local population with participants from a diverse group with 73% of participants identified as Black, Asian, and Minority Ethnic (BAME), demonstrating that the programme is impacting a diverse range of individuals in line with the demographics of the Church Street ward. An average of 69% of participants were female meaning that nearly 50% of all participants were both female and BAME, traditionally one of the hardest to reach groups in our society. For this latest round there is a particular emphasis to fund projects which seek to have a higher number of young project leaders as younger residents can go unnoticed as their education, work and health circumstances have been particularly impacted by the pandemic. This work has also been supplemented by a series of youth focused employment and training webinars which have been well attended by young people over the summer period as this cohort seek to make plans about their future.

The NK Programme also delivers environmental benefits for all Church Street residents as part of a holistic, socially focused approach which places people at the heart of the substantial regeneration programme. To date the programme has delivered 18 environmental projects which include gardening and growing. The team are working to increase the number of gardening and environmental projects, particularly considering the recent relaunch of the Green Spine public realm project and the Council's Zero Carbon Strategy. This will enable teams across the Council to work closely to ensure further opportunities to co-create these much-needed environmental projects can be achieved.

3.1.4 HARROW ROAD

The Harrow Road team has continued to progress the developments at 300 Harrow Road (Warwick Community Hall) and the Rebel Business School with minor delays due to delayed planning decisions, furloughed building contractors and fewer staff being allowed on site to meet social distancing requirements.

FM Conway are currently on site preparing the site for the temporary nursery into which we will decant the existing London Early Years Foundation Harrow Road Nursery in order to start the main build.

The Harrow Road team have also worked with the Public Health team to commission 'SWIM' to do some targeted outreach at Maida Hill Market, Westbourne and Queens Park to engage local people around safety measures around COVID-19.

In addition to this, the team have been prioritising our digital interventions, ensuring connectivity to broadband, digital skills for local businesses to trade online, enhancement and access to outdoor

green spaces and outdoor shopping in the markets to enable local people to continue to be safe during the pandemic.

3.2 DEVELOPMENT PROGRAMME

Through our Affordable Homes Programme, the Council remains set to deliver over 2,000 homes between 2017/18 and 2022/23, exceeding our initial target of delivering 1,850 homes (See Figure 4). In addition, we anticipate the delivery of around 2,300 homes between 2023/24 to 2029/30 (See Figure 5).

FIGURE 4: DELIVERY OF AFFORDABLE HOMES (2017/18 to 2022/23)

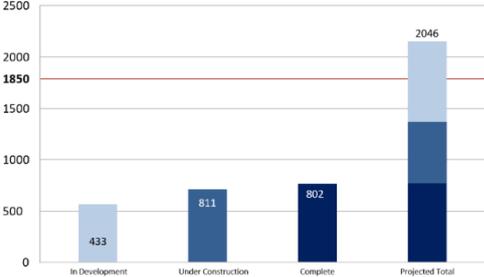


FIGURE 5: PROJECTED DELIVERY OF AFFORDABLE HOMES (2023/24 TO 2029/30)

Future Pipeline: 2023/24 – 2029/30	
Social	1,147
Intermediate	270
Private	930
Total	2,347

The Development team have worked closely with the Planning Department, which has resulted in consent being granted for 300 Harrow Road, Torrison House and Glastonbury House since March 2020. A submission has also been made for the Adpar Street development, with Westmead and Balmoral expected to be submitted by the end of September.

3.4 REVENUE AND BENEFITS

As of the end of July, the collection rate for both Council Tax and NNDR was considerably down on the same point last year (See Figure 6). The current national economic issues resulting from the pandemic are obviously a key factor. However, the collection rate is also affected by the fact that the Magistrates Courts are still locked down in relation to debt recovery, which means that no local authority can seek Liability Orders to allow their normal recovery processes for 2020/21 debts.

Due to the size of the NNDR collectable annual debt, the current collection rate figures are concerning. However, the loss to the Council will be mitigated by the safety net provided by the Business Rate Retention Scheme, which should limit the Council’s loss to a maximum of around £7million. In addition, the Government’s recent decision relating to the upfront payment of Section 31 payments, has reduced the possible future risk surrounding cashflows for the Council.

FIGURE 6: COUNCIL TAX AND NNDR COLLECTION (2020 AND 2019)

	End of July 2020	End of July 2019
Council Tax	43.3%	47.0%
NNDR	34.7%	42.9%

3.5 CORPORATE PROPERTY

The Corporate Property team have continued to progress on projects across the Council’s estate, meaning the Council is in a position to report updates on milestones for the following projects:

- In mid-September, the Council’s new care home, Beachcroft, will be handed over from the developer to begin fitting out ahead of occupation in October. The new care home will comprise of 84 en-suite bedrooms. The development also included 31 private residential flats within the new scheme, which will be managed by Masfield;

- By the end of September 2020, the Corporate Property team intends to invite to tender documentation to go to market following planning consent for the Coroners Court extension;
- In October 2020, the installation of fire doors and other remedial fire compartmentation works at Athlone House are due to be complete;
- The Portman Children’s Hub extension and refurbishment has now reached the construction phase and is expected to be complete by June 2021;
- The refurbishment of 215 Lisson Grove remains in progress and is expected to be completed in December 2020;
- Invitation to tender documents for the building condition surveys of the Council’s libraries and leisure centres are due back by the end of September, which will inform the Council’s Maintenance Strategy and programme for the next five years; and
- The early completion of normally intrusive works to a range of Council buildings that have been closed due to the pandemic. The works included Asbestos removal works, Lift condition surveys, Asbestos Lift Shaft surveys, and lift insurance inspections across the estate.

In addition to these milestones, the Council has recently completed a transaction deal on 9 Woodfield Road, which will include the development, and re-provision of a new Street Cleansing Depot, as well as other public realm facilities.

3.6 PEOPLE SERVICES

For Quarter 1, the Council has good progress in a number of our key metrics, such as:

- Staff Turnover has reduced to 11% when compared to Quarter 4, which was recorded at 15.6%;
- 44% of staff in our Band 5 or above positions identify as women, an increase when compared to Quarter 4, which was recorded at 41%;
- 16% of staff in our Band 5 or above positions identify as BAME, an increase when compared to Quarter 4, which was recorded at 14%; and
- Sick absence amongst staff has reduced to 0.9% when compared to Quarter 4, which was recorded at 1.8%. The People Services team believe this reduction is due to people working from home during lockdown and being able to work, albeit not feeling 100%.

The Council’s recruitment has also gone well over the past few months, and we have made good progress on Positive Action and getting more BAME candidates to apply and be appointed into Band 4 and above roles (See Figure 7).

FIGURE 7: RECRUITMENT OF BAME CANDIDATES SINCE APRIL 2020

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| <ul style="list-style-type: none"> • 54% of all received applications identify as BAME. • 53% of all shortlisted applicants identify as BAME. • 47% of band 4 and above closed vacancies successfully filled by an identified BAME applicant. |
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