



City of Westminster

Committee Agenda

Title: **Housing, Finance and Corporate Services Policy and Scrutiny Committee**

Meeting Date: **Wednesday 18th November, 2015**

Time: **7.00 pm**

Venue: **Rooms 5, 6 & 7 - 17th Floor, City Hall**

Members: **Councillors:**

Brian Connell (Chairman)	Adnan Mohammed
Antonia Cox	Gotz Mohindra
Peter Freeman	Adam Hug
Richard Holloway	Vincenzo Rampulla

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

Admission to the public gallery is by ticket, issued from the ground floor reception at City Hall from 6.30pm. If you have a disability and require any special assistance please contact the Committee Officer (details listed below) in advance of the meeting.



An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter. If you require any further information, please contact the Committee Officer, Reuben Segal; Senior Committee and Governance Officer.

**Tel: 020 7641 3160; email: rsegal@westminster.gov.uk
Corporate Website: www.westminster.gov.uk**

Note for Members: Members are reminded that Officer contacts are shown at the end of each report and Members are welcome to raise questions in advance of the meeting. With regard to item 2, guidance on declarations of interests is included in the Code of Governance; if Members and Officers have any particular questions they should contact the Head of Legal & Democratic Services in advance of the meeting please.

AGENDA

PART 1 (IN PUBLIC)

1. MEMBERSHIP

The Head of Committee & Governance Services to report any changes to the membership.

2. DECLARATIONS OF INTEREST

To receive declarations by Members and Officers of the existence and nature of any personal or prejudicial interests in matters on this agenda.

3. MINUTES

To sign the minutes of the previous meeting as a correct record of proceedings.

(Pages 1 - 8)

4. WORK PROGRAMME

(Pages 9 - 12)

5. UPDATE FROM CABINET MEMBERS

An update from the Cabinet Member for Housing, Regeneration, Business & Economic Development on key areas within his portfolio is attached.

The Cabinet Member for Housing, Regeneration, Business & Economic Development will be in attendance to answer questions from the Committee.

(Pages 13 - 18)

6. THE COUNCIL'S CORPORATE PROPERTY STRATEGY AND CURRENT SITUATION

(Pages 19 - 42)

Report of the Director of Property, Investment and Estates

The following witnesses have been invited to the meeting to assist members in their consideration of the issues:

Nicholas Gill – Director of Investment, Corporation of London

Simon Latham – Principal, Brook Investment Partners

**7. REGISTERED PROVIDER PERFORMANCE AND CITYWEST
HOMES RESIDENT SATISFACTION**

Report of the Director of Housing and Regeneration

(Pages 43 - 62)

**Charlie Parker
Chief Executive
10 November 2015**

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CITY OF WESTMINSTER

MINUTES

Housing, Finance and Corporate Services Policy and Scrutiny Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Housing, Finance and Corporate Services Policy and Scrutiny Committee** held on **Wednesday 16th September, 2015**, Rooms 5, 6 & 7 - 17th Floor, City Hall.

Members Present: Councillors Brian Connell (Chairman), Antonia Cox, Richard Holloway, Adnan Mohammed, Adam Hug and Vincenzo Rampulla

Also Present: Councillor Tim Mitchell, Cabinet Member for Finance and Corporate Services, Steve Mair, City Treasurer, Ben Denton, Executive Director, Growth Housing and Planning, Barbara Brownlee, Director of Housing, Cecily Herdman, Principal Policy Officer, Andrew Barry-Purcell, Head of Spatial Planning and Environment, Jane West, Bi-borough Executive Director of Corporate Services, Helena Stephenson, Senior Service Transformation Manager, Jonathan Cowie, Chief Executive, CityWest Homes, Anne Pollock, Scrutiny Officer and Reuben Segal, Senior Committee and Governance Officer.

Apologies for Absence: Councillor Peter Freeman and Councillor Gotz Mohindra

1 MEMBERSHIP

1.1 There were no changes to the membership.

2 DECLARATIONS OF INTEREST

2.1 The known standing declarations as tabled at the meeting were as follows:

Member	Organisation	Nature of Interest
Brian Connell	KPMG	Employee. KPMG are the Council's auditors
Richard Holloway	CityWest Homes	Board Member
Vincenzo Rampulla	CityWest Homes	Board Member

3 MINUTES

3.1 RESOLVED:

1. That the minutes of the meeting held on 10th June 2015 be signed by the Chairman as a correct record of proceedings.

3.2 ACTION: That the committee be provided with a response to the outstanding action set out at paragraph 5.4 (1) of the minutes. **(Action for Anne Pollock, Scrutiny Officer)**

4 WORK PROGRAMME

4.1 The Chairman explained that the Corporate Property Investment Strategy item that had been due to be considered at the meeting had been deferred to 18 November meeting due to capacity issues within the corporate property department which was in the process of developing next year's business plans and contributing to medium term financial planning.

4.2 RESOLVED:

1. That the agenda items for the next meeting on the 18th November be agreed subject to the Corporate Property Investment Strategy including outline information on the redevelopment of City Hall.
2. That the responses to actions and recommendations as set out in the tracker be noted.

5 UPDATE FROM CABINET MEMBERS

5.1 The Committee received a verbal update from the Cabinet Member for Finance and Corporate Services on key areas of the portfolio. He informed Committee members about the extensive meetings that he holds with service areas within the portfolio on a weekly or bi-monthly basis. This included Finance, Revenue and Benefits, Corporate Property and Corporate Services which incorporated Legal Services, ICT, Managed Services and Procurement.

5.2 With regards to the Council's finances, he advised that at the end of July the budget was in surplus. He was confident that there would be a balanced budget by the year's end. He further advised that the Council was currently working on its medium term financial planning. The government's spending review was due to take place in the autumn and an announcement on the Council's financial settlement for 2016-17, and possibly beyond, would be announced in December or January. Alongside medium term financial planning individual departments were working on developing their business plans for the 2016-17 financial year. The Cabinet Member was asked whether the Government was likely to provide local authorities with a multi-year financial settlement. Steve Mair, City Treasurer, advised that whilst there was an indication that there could be a 4 year settlement covering the remainder of this Parliament this was unlikely to be the case.

- 5.3 The Cabinet Member advised in respect of Revenue and Benefits that he was shortly due to take a decision on revising the criteria for Discretionary Housing Payments (DHP) to reflect changes in funding at government level. The proposed changes had been consulted upon including with constituency MPs. The Cabinet Member was asked about the government funding for DHP for 2016-17. Ben Denton, Executive Director for Growth, Planning & Housing, informed members that this was still unknown. The government had provided the Council with £2.7 million for 2015-16 and the Council had added a further £1 million of its own funding to this sum. The government had allocated £800 million nationally in the previous 5 years for DHP while this year it had provided only £125 million which signalled a downward trend in funding. 60 to 70% of the DHP awarded by the Council is to help support homeless households in temporary accommodation. This detail has been used by the Council in its lobbying of the Department for Work and Pensions (DWP) regarding concerns about the reduction in DHP funding.
- 5.4 The Cabinet Member was asked in relation to revenue which Executive Member was responsible for lobbying on business rates retention. He explained that as the issue cuts across a number of Council service areas it is undertaken centrally by the Leader. He suggested that scrutiny of this issue was best undertaken by the Westminster Scrutiny Commission. Members were informed that the last re-evaluation of business rates occurred at a time when the market and land values were more buoyant. The Council, as a billing authority, has to pick up a percentage of the loss in business rates when a business is successful in appealing its valuation. Over the last 3 to 4 years this has cost the Council £6 million. One of the Council's requests as part of its lobbying on this matter is to shield the authority from this cost.
- 5.5 The Committee was informed in relation to the Managed Services Programme (MSP) that meetings had been held with Tri-Borough colleagues and BT to resolve outstanding issues. A meeting with BT was due to be held by the Leader and Deputy Leader of the Council. The Cabinet Member acknowledged that there were problems with MSP. It was noted that there were a number of on-going risks and a query was raised as to whether there would be compensation to smaller contractors. Jane West, Bi-Borough Executive Director of Corporate Services, advised that the Council was currently gathering information regarding the problems experienced by staff and contractors following the rollout of the new system. It was hoped that the bulk of the problems would be resolved by the end of September. The Chairman advised that if the issues had not been largely resolved by the committee's next meeting then an update of the Managed Service Programme should be added to the agenda in place of the Corporate Property Investment Strategy.
- 5.6 The Cabinet Member informed the Committee that one of the largest projects within corporate property at the present time was the redevelopment of City Hall. Members of staff had been informed in outline terms of the plans. A report had been agreed in July for consultants to work up proposals which would be submitted for consideration by Cabinet in November.

5.7 The Committee also received a written update from the Cabinet Member for Housing, Regeneration, Business and Economic Development on key aspects within the portfolio.

5.8 **RESOLVED:** That the report be noted.

5.9 **ACTION:**

1. Provide the Committee with a copy of the presentation on the redevelopment of City Hall that was circulated to staff. (**Action for: Ben Denton, Executive Director for Growth, Planning & Housing**)
2. Provide Councillor Rampulla with details of the number of cases in the last year where bailiffs had been used for the recovery of non-payment of council tax. (**Action for: Steve Mair, City Treasurer**)
3. Provide the Committee with a briefing note on current lobbying activities by the Council on business rates. (**Action for: Martin Hinckley, Head of Shared Services Centre**)
4. Include an item on MSP on the Committee's next agenda if the bulk of outstanding problems are not resolved by the end of October. (**Action for: Anne Pollock, Scrutiny Officer** in liaison with Jane West)
5. Provide Councillor Mohammed with the timeframe for completing the joint venture with Central London CCG whereby the Council will fund bed spaces for hospital discharge services for homeless people. Provide details of the number of hostel beds available through rough-sleeper hostel services. (**Action for: Ben Denton, Executive Director for Growth, Planning & Housing**)
6. Provide Councillor Rampulla with background information on the Key Employment Programme Projects. (**Action for: Ben Denton, Executive Director for Growth, Planning & Housing**)

6 INDICATIVE IMPACT FOR WESTMINSTER AND LONDON OF GOVERNMENT MANIFESTO PLEDGES IN RELATION TO WELFARE CHANGES AND HOUSING REFORM

6.1 The Committee received a PowerPoint presentation from the Executive Director for Growth, Planning & Housing on government housing and welfare policy changes and how these would directly impact on the activities of the Council's housing service and indirectly impact on other services.

6.2 The presentation provided an opportunity for the Committee to gain an understanding of the changes and the potential impacts and to ask for further explanations/analysis to be provided. It also provided an opportunity to challenge officers to consider whether all reasonable actions are being taken to mitigate the adverse impacts of the changes.

6.3 It was noted that the Council's new Housing Strategy was intended to be published in November but given:

- the impacts of these national policy changes on some of the key announcements and policies in the draft strategy,
- that there are still a lot of the details about how these changes will be implemented that the Council doesn't have, and
- that a Housing Bill that will make many of the changes will be introduced into Parliament in October

The current draft strategy is no longer appropriate. Instead of producing a strategy at this stage the Council will publish a "Direction of Travel" statement which will highlight themes and general approaches that the Council will be taking until it is in a position to publish a strategy of the kind originally intended.

6.4 In response to questions Andrew Barry-Purssell, Head of Spatial Design and Environment, confirmed that until the full impacts of the legislative changes are known and a final strategy has been approved none of the planning policy proposals in the new draft strategy would be taken forward.

6.5 The Committee then discussed policy changes and the Council's response to them including proposed actions to mitigate the adverse impacts and its lobbying approach.

6.6 The Committee noted that the benefit cap reduction and Local Housing Allowance freeze would likely result in additional homeless acceptances from 2016 or 2017 which would likely result in longer waits in increasingly expensive temporary accommodation. Officers were asked whether the Council could be more proactive to reduce the demand for temporary accommodation such as by encouraging residents at risk of homelessness to move to more affordable housing outside of London. Mr Denton advised that the Council had been cautious compared to other London local authorities in this respect. The Committee was informed that the London borough of Brent has a settlement officer based in Birmingham whose role is to help Brent residents move to the area. The duties involves offering a wide range of support including directing people to employment opportunities and helping enrol children in local schools. Barbara Brownlee, Director of Housing, explained that one of the consequences of remaining in temporary accommodation is that households can experience a number of moves as it is often difficult to retain such property. In Westminster those families that have moved out of borough have tended to have initiated the move. She advised that the Housing department does intervene early on to prevent a household becoming homeless and as part of an intervention officers will see if the family has a connection elsewhere. Members considered that in order to provide constructive views on this issue it would be beneficial to receive further information on the proactive resettlement approaches of other London local authorities.

- 6.7 Officers were referred to the fact that the definition in the presentation relating to the Discharge into the Private Sector does not include reference to the quality of the property and it was suggested that this should be inserted.
- 6.8 Officers were asked whether there was merit in challenging the government on the homelessness duty in relation to the 'local connection' outlined in Section 193 of the Housing Act 1996. Concern was expressed about the requirement for the Council to take responsibility for people presenting themselves as homeless where no local connection elsewhere allegedly exists.
- 6.9 The Committee also reflected on how the Council should mitigate the impact of the annual 1% reduction in social rent from 2016/17. It was noted that this would have an adverse impact on Westminster's Housing Revenue Account over the next 30 years. Mr Denton advised that while the policy changes will impact on the Housing Capital programme they should not jeopardise the Council's regeneration projects. They simply may need to be undertaken differently. The Committee discussed whether the Council's housing renewal programmes should be modified either by extending 'renewal cycles' or making changes to specifications standards. Members concluded that in order to provide an informed view on this matter it should be provided with information on the CWH standard, the proportion of homes that meet the standard, and how it differs from the decent homes standard.
- 6.11 With regard to the extension of Right to Buy legislation to Housing Association tenants, Members were concerned to hear that some housing associations had advised that they would sell off their properties as they became vacant. Officers were asked what lobbying activities were being undertaken with the DW P and the Treasury on this subject. Mr Denton advised that he was only aware that one housing association, Genesis Homes, had made such a statement. This had not been supported by either their Board or Management team.
- 6.12 Officers were asked in relation to "Pay to Stay" whether the Housing Income Assessment would be undertaken at national level (HMRC) or locally and who would pay for this. Members were advised that this was unknown at present. Members asked whether any modelling had been undertaken on the impact of the £40,000 income threshold on different family sizes. Concern was expressed that households with a number of children could be more adversely affected leading to an increase in child poverty. Officers advised that preliminary indications suggested that 7-8% of households may be affected but specific figures were not available.
- 6.13 Members commented that the presentation did not include the impact of the removal of eligibility for housing benefit for those under the age of 21. Helena Stephenson, Senior Service Transformation Manager, informed Members that this would particularly impact young people moving out of hostel accommodation and could result in an increase in homeless numbers. The Council was undertaking work to try and mitigate this impact.
- 6.14 **RESOLVED:**

1. That the report be noted.
2. That a task group be established to scrutinise the Housing Bill and its impact on Westminster in order to help inform the Council's mitigation actions and lobbying activity.

6.15 ACTION:

1. Circulate a copy of the Powerpoint presentation to Committee Members **(Action for Anne Pollock, Scrutiny Officer)**
3. Provide the Committee with further information on the proactive resettlement approaches of other London local authorities **(Action for Ben Denton, Executive Director for Growth, Planning and Housing)**
4. Provide the Committee with information on the CityWest Homes Standard, the proportion of CWH homes that meet the standard and how this compares to the decent homes standard **(Action for Ben Denton, Executive Director for Growth, Planning and Housing)**

7 WESTMINSTER HOUSING STRATEGY CONSULTATION RESPONSES & ANALYSIS ON HOUSING TARGETS

- 7.1 The Committee considered a report that provided a summary of the consultation responses to Westminster's draft new Housing Strategy that had been launched for consultation over the summer.
- 7.2 The report also provided answers to questions asked by the committee at its last meeting about how the targets for affordable housing in the draft strategy have been developed and why they are presented in the way they are.
- 7.3 Officers were asked for their views on how they felt the consultation had gone. Andrew Barry-Purssell, Head of Spatial and Environmental Planning, commented that the consultation had been difficult as the Government's Welfare changes and Housing Reform were announced midway through the consultation period. It was difficult to know how that had affected the number of responses that the Council received. He stated that it was disappointing that the Council had not received more feedback from the private sector although officers did have a good idea about their views as they speak to a variety of organisations in the sector on a regular basis.
- 7.4 The Committee expressed disappointment that the response rate to the consultation had been low particularly given the high priority of housing to those living in London and the south-east. Members were also disappointed that of the 57 responses received there was an under-representation from the business sector including BIDS and the private rental sector.
- 7.5 Mr Barry-Purssell advised that the business and development sector tend to provide their views through representative organisations rather than individually.

- 7.6 Officers were informed that some residents had advised Councillors that they would have responded to the consultation but had not known about it. Cecily Herdman, Principal Policy Officer, advised that posters and summary documents had been made available in a variety of locations including CityWest Homes estate offices. Some had not been put on public display but once this had come to light was rectified.
- 7.7 It was suggested to Officers that it may be useful to seek the views of the Scrutiny Committee in future on the consultation strategy to help improve response rates.
- 7.8 **RESOLVED:** That the report be noted.
- 7.9 **ACTION:**
1. Make explicit in the Direction of Travel Statement that the Council will still accept comments on the Draft Housing Strategy (**ACTION FOR: ANDREW BARRY-PURSSELL/CECILY HERDMAN**)
 2. That officers target those sectors that were underrepresented in the responses when consulting on a revised draft of the housing strategy (**ACTION FOR: ANDREW BARRY-PURSSELL/CECILY HERDMAN**)
 3. Provide the Committee with the raw consultation data from those respondents that have commented on the strategy to date (**ACTION FOR: ANDREW BARRY-PURSSELL/CECILY HERDMAN**)

The Meeting ended at 8.55 pm

CHAIRMAN: _____

DATE _____



ROUND THREE - 18 November 2015		
Main Theme – Housing, Regeneration, Business and Economic Development		
Agenda Item	Reasons & objective for item	Represented by:
Cabinet Member Q&A Housing, Regeneration, Business and Economic Development	A Q&A session with the Cabinet Member for Housing, Regeneration, Business and Economic Development.	<ul style="list-style-type: none"> • Cllr Astaire
Property Investment Strategy	To consider how the property investment strategy is contributing to the Council's financial and social returns.	<ul style="list-style-type: none"> • Guy Slocombe
Registered Provider Performance and City West Homes resident satisfaction	To scrutinise housing association performance and the methodology employed by CWH in carrying out customer satisfaction surveys.	<ul style="list-style-type: none"> • Fergus Coleman

ROUND FOUR - 6 Jan, 2016		
Main Theme – Finance and Customer Services		
Agenda Item	Reasons & objective for item	Represented by:
Cabinet Member Q&A Finance & Corporate Services	A Q&A session with the Cabinet Member for Finance and Customer Services	<ul style="list-style-type: none"> • Cllr Mitchell
Draft Treasury Management Strategy 2016/17	To assess the draft treasury management strategy prior to submission to Council for approval.	<ul style="list-style-type: none"> • Steve Mair
Treasury Performance Half Year Statutory Review	To review treasury performance.	<ul style="list-style-type: none"> • Steve Mair

Work Programme



Housing, Finance and Corporate Services Committee

ROUND FIVE - 9 March 2016

Main Theme – Housing, Regeneration, Business and Economic Development

Agenda Item	Reasons & objective for item	Represented by:
Cabinet Member Q&A Housing, Regeneration, Business and Economic Development	A Q&A session with the Cabinet Member for Housing, Regeneration, Business and Economic Development	<ul style="list-style-type: none"> • Cllr Astaire
Supply and Allocation of Social Housing	To scrutinise the supply and allocation of social housing (the issue of local connection in terms of how housing is allocated to homeless households according to the Housing Act and the length of connections will also be covered).	<ul style="list-style-type: none"> • Greg Roberts

ROUND SIX - 13 April 2016

Main Theme – Finance and Customer Services

Agenda Item	Reasons & objective for item	Represented by:
Cabinet Member Q&A Finance & Customer Services	A Q&A session with the Cabinet Member for Finance and Customer Services	<ul style="list-style-type: none"> • Cllr Mitchell
Treasury outturn for 2014/15	Statutory review of the treasury outturn for 2014/15. Report to include an update on progress in signing up to a Municipal Bonds Agency in the Treasury Outturn report for 2014/15 (as per Committee decision of 9 March 2015)	<ul style="list-style-type: none"> • Steve Mair

Other Committee Events & Task Groups

Briefings	Reason	Date
Budget Monitoring Task	Standing task Group to consider the budget of Council	Jan/ Feb 2016

Action Tracker

Housing, Finance and Corporate Services Committee

City
for All

ROUND EIGHT (16 SEPTEMBER 15)

Agenda Item	Action and responsible officer	Update
Item 5 – Update from Cabinet Members	Provide Councillor Rampulla with background information on the Key Employment Programme Projects. (Action for: Ben Denton, Executive Director for Growth, Planning & Housing)	Officers continue to investigate this.
Item 7 – Westminster Housing Strategy Consultation Responses & Analysis on Housing Targets	That officers write to those sectors that were underrepresented in the responses when consulting on a revised draft of the Housing Strategy. (Actions for: Andrew Barry-Purssell/Cecily Herdman)	Work is on-going.

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Housing, Finance and Corporate Service Policy and Scrutiny Committee Briefing

Date: 18th November 2015

Briefing of: Head of Cabinet Secretariat

Portfolio: Cabinet Member for Housing, Regeneration,
Business and Economic Development

Please contact: Jeremy Day x 5772
jday@westminster.gov.uk

Please find below an update on key areas of activity from the Housing, Regeneration, Business and Economic Development portfolio since the committee last met.

Housing

1. Delivering Housing Renewal

In the period since the last committee meeting there has been particular activity around Tollgate Gardens, Ebury Bridge and Church Street.

Tollgate Gardens

Since my last update the Compulsory Purchase Order has been confirmed by the Secretary of State and officers have instructed Resident Engagement to start finding alternative accommodation for the Temporary Accommodation residents (approx. 50) currently in situ. The Council will be serving notices to treat and the General Vesting declaration on the remaining tenant and leaseholder in November.

The Development Agreement is on track to be signed with Affinity Sutton towards the beginning of December, and following vacant possession we are hoping to achieve a start on site date of March 2016.

Ebury Bridge Estate

The focus of activity is still progressing the decanting of those parts of the estate that are required to facilitate the regeneration scheme to go ahead. This process is on-going and proceeding well.

To date the Council has purchased 31 leaseholds (out of the 66 due to be purchased) and moved 36 tenants (out of the 39 due to be moved) to facilitate the development, officers have also progressed negotiations with Soho Housing Association and agreed Head of Terms for the purchase of one of their housing blocks on the estate.

Acquisitions, both voluntary and compulsory, will continue over the coming quarter.

2. Church Street

Lisson Arches

Enabling works are progressing with surveys to the ground to ensure all utilities can be diverted to the agreed plan.

Ground works for the UK power network, diversions started in September 2015 and will be ongoing until May 2016.

Officers are also meeting with Thames Water to agree diversion path.

Luton Street

Having presented the options for the Luton Street Community Space and put forward a recommendation, the decision made was to use the space for a 3 court sports hall for the community.

The detailed designs for the project are being worked on currently including discussions around play-streets, green spine and tenure blind buildings.

Venables Street

Planning was submitted in beginning of August to decant the market trader's sheds from site, with a view to start on site in November and complete construction by February 2016.

Tresham Crescent

The Council is on track to complete by the end of November 2015. Discussion and negotiations with the three occupiers now close to completion.

Penn and Lilestone

The Council has re-run viability following revised massing study.

3. Church Street: Regeneration:

Background

At the last Committee meeting members met the new Director of Housing and Regeneration, Barbara Brownlee. Since she has joined the Council Church Street has become a key focus for her. I have seen the current Communications and

Engagement Plan and am working with officers to ensure we support Church Street and have officers on the ground..

I have recently recruited a key senior regeneration coordinator and we are opening a regeneration office on the High Street. To be fully functioning by the end of 2015.

Since the last meeting we have continued to move forward with regeneration:

- Green Spine landscape architect procurement launched
- Neighbourhood upkeep procurement now finalised and ready to issue
- Tresham Crescent (nursery) due to be complete end this month
- Luton Street Design now well progressed with planning application likely to be in January 2016
- Venables Street planning consent achieved
- Blackwater House now in for planning
- GLA contract negotiations underway for Housing Zone Bid

Looking forward to our Next Quarter Activity, we plan:

- To Launch of Neighbourhood upkeep procurement
- ITT to go out to short listed parties for Green Spine Landscape Architect
- A Decision on Cosway Street Disposal
- Public Consultation at Luton Street
- Completion and Launch of Tresham Crescent

4. Housing Strategy Update

A Direction of Travel document has been compiled and I have already worked with officers to draft the document which will be finalised shortly.

The document is intended to show the general direction we want to take in the light of the various national policy changes and announcements. However we will go ahead with those draft Housing Strategy proposals that are unaffected by the national policy changes and these will be incorporated into work streams.

The Statement will be in a similar design format to the draft strategy but more of a “booklet”.

5. CityWest Homes

A link to CWH draft strategy was included in the WIB on Friday 23rd October. The new document re-aligns the ALMO’s objectives to those of City for All, as well as taking on board the recommendations of the Council’s own review of CWH through the Altair report, and reflecting the organisation’s own ambitions for service delivery. Over the life of the strategy CWH is working on saving £5.2M of its operating costs.

Responses to the consultation are now coming in. The deadline for feedback is next week on 20th November 2015.

6. Rough Sleepers' accommodation services

The tender exercise for an over 50's complex needs housing support service is underway with bids due back by 13 November 2015. The new service (due to start on 1 April 2016) will meet gaps in service provision for the rough sleeping pathway, housing options and adult social care. The tender exercise has proceeded smoothly to date and the contract award recommendations will be with me by the end of the year.

Two large scale refurbishment projects have been completed in hostel accommodation with Montfort House returning to their new building in September 2015 and King George's launched their new building on 4 November 2015. Montfort House now features excellent mobility access, further enhancing their ability to successfully accommodate the most challenging to work with long term rough sleepers and a long term female rough sleeper with a zimmer frame is due to move in shortly.

Officers have been working on a range of initiatives to support the development of 'psychologically informed environments' in hostel accommodation. A Psychologically Informed Environment (PIE) can be defined as one that takes into account the psychological makeup – the thinking, emotions, personalities and past experience - of its participants in the way that it operates. It is an approach to supporting people out of homelessness, in particular those who have experienced complex trauma or are diagnosed with a personality disorder.

Economic Development and Growth

7. Employment

Work and Skills Group

A cross departmental Work and Skills Group met on 9th September and provided an overview of all Employment and Skills projects within the Council. The Group have since reported to me and will report to the Growth Board. Work underway includes a mapping of provision with colleagues from Adult Social Care and Public Health; a review of European Social Fund opportunities with a view of sustaining services beyond 2016 and, a review of Further Education (adult) skills provision in Westminster.

The work of the Work and Skills Group will be driven by the Employment Programme which sets the direction for the City Council's activities on employment and skills for the next four years incorporating the City for All aspiration of reducing long term unemployment.

Key Employment Programme projects

Recruit London has recently filled six roles to support delivery of the project including a new Delivery Manager, a full time Specialist Workplace Co-ordinator and a new Workplace Coordinator role established with Capco.

FACES

The project is on track with recruitment of new advisors in progress and first quarter performance shows that 5 residents were supported into employment. A wider referral network is being developed with the service engaging with likely sources of candidates including local schools. It is anticipated this activity will lead to a consistent and reliable flow of referrals to the project.

LEST

This project is supporting long term unemployed residents who have completed the work programme without a job. The two employment coaches are on track with performance and have supported 7 residents into work since April 2015, with a further 20 being referred and starting training or other progressions.

Young People's programmes

WCC Apprenticeships - The council has set itself a target of securing 100 apprenticeships in 2015/16 both internally, with our supply chain and with our network of partners such as local schools and developers via Section106. Outreach will be targeted at Westminster residents in the first instance, then tri-borough and then pan –London. To facilitate this uplift in performance, a dedicated Organisational Development Advisor has been recruited to lead on this ambition and develop the apprenticeship offer.

Tools for Our Future

Development of the new web pages are in progress as is sourcing of written content. Planning for how the theme of the project – “for young people and by young people” can be extended to the promotion, embedding and evaluation of the resources is in development.

In the final 6 months of the Employability Passport project the Economic Development team has been in discussion with local Further Education College to take on the project management and coordination of the project for final stages of school engagement, close and evaluation.

8. Westminster Enterprise Week

Running from the 16th till the 20th November, Westminster Enterprise Week coincides with Global Entrepreneurship Week and engages over 1100 young people, schools, colleges and businesses in enterprise promotion activities.

Enterprise and youth stakeholders in WCC have been approached and have committed to contribute to the week's activities including Bright Ideas Trust (Tim Campbell and Margaret Mountford), The Prince's Trust, Impact Hub Westminster, Soho Create, Microsoft Lift Studios, The Mill, Somerset House Trust, Maida Hill Place, Vital Regeneration (#Venture382 and HELP Enterprise), Capital Enterprise, and Truemark Retail.

The Economic Development Team is leading on delivery with One EBP and the Communications Team. The Youth Council is also involved in planning, communicating and delivering the week.

The programme will comprise:

- **Workshops**- Pop-up Economy and Food Entrepreneurship (Maida Hill Place); My Lightbulb Moment (held by Bright Ideas Trust, includes a "pitch corner" with Margaret Mountford); Dragon's Den Style Pitches;
- **Inspiring Enterprise Assemblies** in 11 secondary schools
- **Breakfast roundtables**
- **Guided visits** in the City's Enterprise and co-working spaces (Impact Hub Westminster, Great Western Studios, TrueStart Retail, Somerset House Trust)
- **Inaugural Reception Ceremony (19th November)**- awards ceremony hosted by myself

9. Markets

The council will be tendering the opportunity for a new market operator for Berwick Street and Rupert Street markets. This is the first stage of a wider strategy that will look at introducing the operator model for some of our markets. The procurement strategy will commence shortly and the new operator(s) will be in place by April 2016.



City of Westminster

Housing, Finance and Corporate Services Policy and Scrutiny Committee

Date:	18 th November 2015
Classification:	General Release (Appendices A & B, Not for Publication)
Title:	The Council's Corporate Property Strategy and current situation.
Report of:	Guy Slocombe – Director of Property, Investment & Estates
Cabinet Member Portfolio	Finance & Corporate Services
Wards Involved:	All
Policy Context:	Investment & Corporate Property
Financial Summary:	The Council's Corporate Property portfolio amounts to 770 buildings combining investment and operational property, with an annual operating cost of £23m and annual income of £24m (excluding exceptional items and capital receipts), and a value of c. £800m
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RECOMMENDATION:

That Appendices A and B to the report be exempt from public disclosure by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 because the information involves the likely disclosure of exempt information relating to the financial or business affairs of the Council or any other body.

1. Executive summary

- 1.1 This report describes the Council's Corporate Property Strategy and the current situation and aspirations for growth over the next 5 years.

2. Key matters for the Committee's consideration

- 2.1 Seek the Committee's view on whether the Council should use its General Fund land and property assets more effectively to grow income lines to support front line services.
- 2.2 Seek the Committee's view on how the Council balances the need to retain capital generated from real estate for growth of the portfolio, with the need to fund the Council's capital programme.
- 2.3 Seek the Committee's view on identification as surplus, and subsequent use of, property currently used by the Council for provision of services.

3. Background

The Council's Corporate Property portfolio

- 3.1 This paper aims to highlight the breadth of the Council's commercial property assets – the corporate portfolio, that is the real estate the Council occupies to provide its services, and the investment portfolio from which the Council generates revenue, and to highlight the strategic approach to its management.
- 3.2 The Council holds a property portfolio of approximately 770 buildings. About 370 buildings are properties held for investment purposes (c. 960 tenancies generating rental income to the Council) and 400 are operational properties (schools, depots, care homes, offices, libraries etc).
- 3.3 The investment portfolio generates approximately £24 million of rental income pa to the HRA and General Fund and has a value of c£390 million (April 2015). The cost of running the combined investment and operational portfolios is c£23 million pa., which feels disproportionately high.
- 3.4 While it is the revenue generated from assets held in the General Fund that supports the Council's funding of front line services, the Property team gives equal time to asset management of HRA held commercial property assets which generate revenue to support the Council's housing programme.
- 3.5 The internal Corporate Property team is small comprising c20 staff split between three core functions – asset management of the investment portfolio; asset management of the operational portfolio and project management of larger scale capital projects to the operational portfolio.
- 3.6 This paper will consider the investment portfolio and the potential to grow revenue by applying a more strategic active management approach to the portfolio. The paper will also identify early stage work to extract value from the property occupied for the provision of Council services by reducing the Council's operational property footprint, reducing the cost of occupancy and the potential to generate revenue from surplus property created as a consequence.

4. The Council's Investment Portfolio

Introduction

- 4.1 The Council holds an investment portfolio of approximately 370 property assets, comprising 960 tenancies and generating c. £24m of rental revenue to the Council in support of the General Fund and the HRA. £18m flows to the General Fund. The investment portfolio was last valued at year end 2015 at £390m and generates a gross yield of c. 6.75% based on the 13/14 valuation which, for performance measurement, is treated as the year 1 valuation in the absence of historic valuation data.
- 4.2 In the last two years Corporate Property has recovered c. £5m of long term debt and grown revenue by £2m. A backlog of approximately 100 rent reviews and lease renewals is currently being addressed. Vacant premises account for no more than 4% of the portfolio though more usually this figure fluctuates around 2% which compares favourably with commercially run portfolios. Annual external management costs are c3.5% of revenue which is below the market standard of 5%.
- 4.3 The property management function of the investment portfolio is undertaken by external managing agents – Bilfinger GVA, who took over the role in March 2014
- 4.4 The investment portfolio can be identified via four distinctive groupings that are retail parades (primarily HRA); car parking; privately operated community based service provision; and disparate/general holdings.
- 4.5 Approximately 10% of the properties in the investment portfolio are let to voluntary sector organisations which provide services and resources to local residents and the local community on various discounted rental arrangements .The discounted rent arrangement may have been inherited or may have been entered into by the Council historically, based on the benefits that flow to the local community
- 4.6 The retail parades are secondary in nature from the perspective of both tenant covenant and location, but generate steady levels of revenue. Secondary retail (family run corner shops and hair dressing salons) tend to provide a lower risk from revenue void, but conversely do not provide the prospect of high levels of revenue or capital growth.
- 4.7 The investment portfolio includes 19 parades varying in size from 3 to 64 units. These generate approximately £5m of the portfolio's revenue (20%), comprise some 200 assets (50%) and approximately £97.5m of capital value (22.5%).

Investment Objectives

- 4.8 As part of the Council's property strategy and in recognition of the need to drive up investment opportunities there are a number of key objectives that the team are delivering to. These include the need to -
- 4.9 Rationalise the existing investment holdings in order to reduce management costs and grow income.
- 4.10 Use the Council's land assets to maximise returns.
- 4.11 Reduce over time the number of properties and increase average lot size.
- 4.12 Create sustainable income streams in support of the Council's front line services and the HRA.
- 4.13 Reduce portfolio risk from held investments
- 4.14 Identify opportunities within the portfolio to create additional mixed tenure housing provision
- 4.15 Identify opportunities for capital receipt through development, joint venture or disposal;
- 4.16 Deliver a strategy to achieve the above and combine with broad intention as a local authority to bring about regeneration

Increasing income from the Council's Investment portfolio

- 4.17 As part of the changing fiscal climate facing Local Authorities, there are some key questions the Council will now need to consider as part of its future objectives for the portfolio.
- 4.18 In formulating a strategy the Council must consider the following-
- Understand the Council's investment objectives.
 - Is income sufficient to cover requirements?
 - Is income or capital the key driver?
- 4.19 Does the Council want to inject equity, to undertake asset management and to acquire properties which will enhance the performance and sustainability of the portfolio?
- 4.20 At the core of the Investment team's objective is driving revenue to support front-line Council services. The most appropriate method of driving returns is to grow income, or generate new income, from assets already owned by the Council.

- 4.21 Although revenue performance is possible through asset management alone this will be fairly limited and will not provide the revenue target required and aspired to. Furthermore, with the portfolio being relatively passively managed historically – aggressive efforts to drive rents to market levels across the portfolio is likely to cause political fallout from the sole traders and long-term occupiers of the portfolio.
- 4.22 Investment strategy to drive revenue has to be predicated on using capital generated from within the portfolio, or new capital, to implement a reinvestment programme designed to generate performance.
- 4.23 Since 2012 the Council has disposed of over £300m of real estate to fund the capital programme. Presently £140m of capital will be generated from the current disposal programme of which £50m will be allocated for reinvestment.
- 4.24 Assets once disposed of, have and are affecting the revenue position of the Corporate Property department (some of the assets disposed of result in the loss or revenue in the investment portfolio).
- 4.25 To support the Council, the department has identified the need to grow income from investing in revenue generating assets; this would require a decision to ring fence capital funds to replace and grow the investment portfolio.
- 4.26 It is agreed that the Council will desist from funding its capital programme from asset sales and that service areas projects must be self-funded from 2016
- 4.27 In order to optimise returns from capital investment the Property team has identified several Major Projects to enhance, or significantly increase revenue while also providing improvements to services, public realm and additional housing.
- 4.28 The programme of works optimises returns by developing land assets already owned by the Council, thus not having to contribute a land value to the scheme.
- 4.29 The programme will require a capital provision of c. £900m and could produce an additional £35m in revenue and £630m of capital receipt providing a gross income return in the region of 13%, while also delivering new sports and leisure facilities, office accommodation for Council staff, a health hub and new housing.
- 4.30 Accordingly, over the next 5 years the gross revenue generated by property assets held in the General Fund can increase to c. £60m pa providing significant surplus funds in support of front line services.
- 4.31 Moreover, the some of the additional revenue create can be reinvested in to the portfolio to continue to grow the portfolio and revenue generated from it.

Reflections on the investment portfolio are as follows:

- The need to balance the investment portfolio so the Council is not over-exposed in any single property sector. This might be through reducing

holdings in tertiary retail and car parking and gaining greater exposure to office, industrial, leisure (particularly as a result of the nature of the borough) and private residential.

- Much of this diversification programme will be dealt with as a result of the Council's Major Projects development programme, rather than by a defined disposal/acquisition based realignment.
- The need to look at the number of assets across the portfolio. The portfolio presently comprises approximately 370 assets with an average asset value of around £1m. This provides for a cumbersome and management intensive portfolio. While it might be argued that risk is reduced as a result of income diversification, it cannot be disputed that the cost of management, lease negotiations/renewals, rent reviews etc increases and the prospect of future income performance is reduced. A commercially operated investment fund of equivalent value would comprise perhaps 20 or 30 assets averaging c. £15m in value.
 - However it must be accepted that the portfolio was not acquired by design and the nature of the investor in this case prevents the evolution of an investment fund run on a truly commercial basis, but some concepts can be applied.
- The need to agree to the principle of reinvestment of capital that might be realised from investment disposals. In order to begin to restructure its investment holdings and optimise revenue, the Council can identify capital projects from within the portfolio to release capital for reinvestment and/or income enhancement. It can identify assets from which there is a limited prospect of future income growth and recycle capital revenue for the purpose of acquiring better quality investments. Most importantly this enables the Council to structure the investment portfolio with a view to building in future income growth to create a sustainable longer term income stream as well and improving capital growth potential.

5. The Fundamentals behind a Property Asset Management Strategy

- 5.1 A traditional property asset management strategy is predicated on a desire to look at how best to maximise return, measured in terms of both capital and income growth over time, from a portfolio of real estate assets. It will accept that the inward investment of capital is a necessity when considered against an overriding aim to create value, having understood the associated risks and the needs and aspirations of the underlying stakeholders.
- 5.2 Whilst there will be particular political, social and economic issues that will have a bearing on how aggressive the Council can be in the pursuit of additional value, relative to other property owners, the basic dynamics attributable to the application of a time lined property asset management strategy will remain relevant. The manager should remain focused on achieving an appropriate tenant mix by executing a strategy that aligns cash flow with portfolio and socio-economic needs, whilst managing both

operational receipts and expenditure in a way that enhances overall portfolio return.

- 5.3 What we should not do is to confuse property management with property asset management. Property management is for all intent and purpose the daily application of the lease provisions, be that the collection of rent, service charge, management or repairing obligations. Whilst there is an argument that lease events such as requests for assignment, completion of rent reviews or lease renewals could also fall under the role of the property manager these events also provide the perfect platform for the property asset manager to take control, through negotiation with the existing tenant, creating the opportunity to add value through the repositioning of individual assets as part of a wider property asset management strategy. What is essential is the creation of a platform that allows clear lines of communication and the efficient dissemination of information.
- 5.4 There has been, for many years, a debate over the relative merits of active management against passive management particularly on property portfolios where there is a desire to maintain long term freehold ownership which removes, to a greater extent, the need for either short term relative benchmarking or the creation of value through a market led buy/sell strategy.
- 5.5 In a relatively static portfolio the ability to achieve above market performance will be heavily dependent upon the manager's desire and ability to actively manage the assets they own. To employ a strategy that is predicated on the adage that "no asset is passive" requires a very clear understanding of the underlying dynamics of the portfolio, a precise handle on the implications of events within the life of the occupational leases and a clear commitment to invest capital throughout a pre-determined property asset management cycle to improve underlying performance.
- 5.6 If we start with the belief that real estate as an asset class can be improved through asset management to maintain and/or enhance value, then the following principles should be considered in building an appropriate property asset management strategy:-
- Real estate is defined inherently by its location and the micro socio-economics that impact on that location. It remains very much a local business with many of the drivers of performance being local in nature. There is not a "one size fits all" strategy that can be adopted across varying locations. For example each location will have its own particular characteristics which will need to be evaluated in order to arrive at a strategy that can achieve a mix of occupational tenants that matches the more established multiples with the niche/local start-ups assisted by a leasing policy that promotes flexibility and growth. Through such an approach values can be enhanced without destroying the very dynamics which have, over time, defined the location.

- The impact of major urban regeneration and/or infrastructure projects can't be underestimated when considering the property asset management of Greater London portfolios. Major changes to connectivity will open up new districts and reduce travel times, both of which will directly drive values, whilst urban regeneration should act as a catalyst for broader investment and development around the affected areas. These wider improvements will also unlock considerable underlying value in more local markets that have to date had few drivers of change and therefore performance potential.
- Individual assets can differ significantly in terms of physical layout which can materially affect the performance potential even within a relatively small geographic area. It is important therefore to evaluate how such physical layouts will impact on a letting strategy and how that strategy might change by reconfiguring individual assets or whole parades in order to justify the capital costs associated with such improvements relative to the additional value that can be created.
- Contrasting financial attributes such as covenant strength, lease provisions and lease term can materially affect both the existing value and the ability to add value through asset management. The duration of a cash flow generated by short leases will not surprisingly contrast with longer lease length and underlying covenant strength but it is a misconception to believe that long dated income streams will, by their very nature, carry greater value potential even if they carry less risk.

Differing lease lengths will impact on lead in time in terms of implementing a property asset management programme leaving certain assets more easily managed in market led demand/supply cycles, particularly when considered alongside the wider economic conditions. The important underlying message is that the allocation of working capital to the right assets at right time will impact on the ability to add value over the life of a property asset management plan. Flexibility will be required in order to ensure when opportunities arise they are not missed and having agreed a plan allowing the managers the appropriate time to implement it.

5.7 The Westminster City Council Portfolio

5.8 As identified above, the portfolio currently totals some 370 properties, amongst which are 19 parades of predominantly retail assets that historically exist as an addition to large residential housing estates or apartment blocks, providing local convenience shopping for the residents of those estates. In London these are often called "villages" with defined physical and socio economic characteristics which have, in many of the locations, changed little since they were first constructed.

5.9 However, as retail trends have developed and consumer shopping habits have adapted to meet the requirements of modern day life so the need to review the overall strategy for these "villages" has risen towards the top of the agenda.

- 5.10 Many of the locations will never be seen as prime retail destinations which must be considered in drawing up a strategy that looks to create and then manage a more appropriate tenant mix that matches local demand with a desire to add value to the portfolio in order to provide additional revenues for re-investment across the numerous activities and services provided by the Council.
- 5.11 Members have previously requested more detailed information regarding the strategy for managing aspects of the portfolio, including the “village” retail parades which form such a significant element of the Council’s commercial property assets. These are presented in more detail elsewhere and highlight the commercial nature of this information.
- 5.12 Examples of such parades within the portfolio include the following and a high level strategy relating to these parades is appended to this report:
- **Tachbrook Street, Pimlico, London SW1**
 - **Irving St, London WC2**
 - **Crawford Street & Seymour Place, London W1**
 - **Ebury Bridge Road, London SW1**
 - **Lupus Street, London SW1**
 - **Marshall Street, London W1**
 - **Church Street, London NW8**

6. Identifying a Performance Target for the City Council’s Property Portfolio

Background:

- 6.1 The portfolio currently has a value of approaching £400 million and so comprises a meaningful proportion of the Council’s assets. It is best practice for the performance of such a portfolio to be monitored regularly and its performance compared against a benchmark. That benchmark should be the one that most closely replicates WCC’s strategic investment objectives for its portfolio.

Nature of the Portfolio:

- 6.2 The properties held are predominantly located within the city’s boundaries, a market with some of the highest capital values globally so could be viewed as prime. In reality the portfolio comprises predominantly secondary or tertiary assets away from the best locations. As a result, in 2014/15 it delivered a gross yield of 6.75% which is much higher than would be expected from a prime Central London portfolio. The secondary nature of the portfolio means that it provides frequent, profitable, asset management opportunities where strategic capital expenditure can increase value and income return by more than the cost. The capital required can be obtained from a development partner for major projects though a significant proportion of the upside is likely to be lost. However, it is often impractical to work with a partner on more minor projects so these need WCC capital to exploit.

Benchmarks:

- 6.3 There are a variety of benchmarks that could be used to assess the performance of WCC's property portfolio. Investment Property Databank (widely known as IPD and now owned by MSCI) produces the best known investment property indices which are based on the returns achieved by a wide range of institutions (insurance companies, pension funds, charities and property funds). Indices are produced for specific property types = office, retail, residential and industrial as well as 'all property' – and for a variety of geographies ranging from the entire UK to Central London. While IPD's indices are the best available for comparing the performance of an institutional quality property portfolio, they do not reflect all the costs in managing that portfolio, particularly the need to provide regular capital injections.
- 6.4 Other indices better reflect the full cost of running a portfolio. These include both for property funds (unlisted) and listed Real Estate Investment Trusts (REITs). These generally show a lower dividend yield as they reflect higher outgoings and provision for capital expenditure. Thus currently, the IPD quarterly UK All property Index (Q2 2015) is showing an income return of 5.2% compared with a dividend yield from the property funds of 2.8% and 2.7% from the largest REITs. These yields are a better reflection of the net income return that an investor can reasonably expect from a property portfolio, rather than the income return reported by IPD.

Benchmark challenges:

- 6.5 It is essential that the benchmark chosen best reflects the true aims of WCC for its property portfolio. As a result, the portfolio manager will receive the right signals for directing the portfolio. If the benchmark is mis-specified, the manager can be overly incentivised to pursue short term goals at the expense of the long term. While this may boost capital values in the short term, it is unlikely to promote long term income growth.

Designing a Performance Target for WCC's property portfolio:

- 6.6 Given the challenges above and taking in to account the unique nature of the Council's property assets, identifying a "Benchmark" against which to compare performance is therefore not appropriate.
- 6.7 The City Council expects its property portfolio to deliver a regular income that which needs to increase broadly in line inflation of the provision of Council services. The Council would also like assurance that the value of its portfolio is at least matching the broad London property market.
- 6.8 The Property team, with assistance from advisers, is developing a performance target to add robustness to the way in which the Council's assets are managed and to ensure revenue produced by the Council's property assets meets the Council's demands.

Governance

- 6.9 In developing an evolving strategy for the investment portfolio and to provide additional governance, the Director of Property has established the Property Investment Panel which includes two members external to the Council, Dr Robin Goodchild of LaSalle Investment Management; and Simon Latham of Brook Investment Partners.
- 6.10 Investment concepts are tested at PIP and at the Council's Commercial Opportunities Review Board
- 6.11 Major projects are subject to Green Book business planning and peer reviewed at the Major Projects Review Board with a quorum formed of representatives from Property, Finance, Procurement and Major Projects.
- 6.12 Business cases are reviewed at the Capital Review Group before forming the basis of a Cabinet Member Report.

7. Operational Portfolio Rationalisation

- 7.1 The cost savings and new revenue from rationalisation of the operational portfolio have been identified an important contribution to the Council's budget arrangements. A first stage review of the corporate property portfolio will provide clarity on how this will be taken forward.
- 7.2 Property as a resource should act as a facilitator and enabler to the Council's service provision. It therefore follows that an effective property strategy should reflect the Council's property needs translated from the scope and scale of services provided. It should also be noted that any strategy should be considerate of the cost of property in support of service provision.
- 7.3 The Council's full operational portfolio consists of over 300 individual sites. Approximately 150 properties comprise "bricks & mortar" real estate having excluded open spaces, gardens, playgrounds, parks and cemeteries. That is not to say that those areas of real estate do not themselves enjoy a latent value which could be leveraged.
- 7.4 The operational footprint of the Council is c. 1.43m sq ft.

Use	Sq m	Sq ft
Estate Offices	2,000	21,500
Libraries	10,900	117,325
Sports & Leisure	32,200	346,600
Depots	4,450	47,900
Community Protection	750	8,070

Offices	26980	290,410
Children's Services	2,200	23,680
Nursery Schools	11,100	119,500
Adult Services	2,000	21,525
Adult Education	1,500	16,150
Schools	39,000	420,000
TOTAL	133,000	1,430,000

7.5 City Hall and Lisson Grove are subject to separate refurbishment projects aimed at savings/revenue generation. City Hall currently accounts for approximately £8m of the total running costs of the corporate portfolio and the City Hall Refurbishment Programme has identified c. £3m of potential savings.

7.6 A review and rationalisation of the operational portfolio will enable significant cost reduction. The Property, Investment & Estates department has begun a wholesale review of the operational property portfolio. This will focus initially on how intensely the property from which the Council provides its services is actually used before determining a strategy for future use, developing efficiencies to include hub strategies, workplace management, service co-locations and alternative delivery models. It remains necessary to consider the impact of the City Hall Refurbishment Programme and Lisson Grove which may create further strategic opportunities post refurbishment, as well as how the Council's operational portfolio overlaps with Tri-Borough.

7.7 Workspace Efficiencies and opportunities

- **Desk Ratios & Decluttering** – Decluttering has consolidated the work environment, provided break out areas and touch-down space and permitted a new ways of working. Offices at City Hall and Lisson Grove are moving to a 7:10 desk ratio as part of a smarter working policy. Adopting a 7:10 desk ratio across the operational estate will generate savings, but the City Hall and Lisson Grove refurbishments will provide an environment to enable a more challenging ratio of 6:10, or 5:10 as RBKC are targeting.
- **Co-locations** – Identify areas of commonality linked to their operational working practices where sharing of space and back office functions results in economies of scale.
- **Hub Strategies/Interim Mini-Hubs** – Identify clusters of services (eg Queen's Park, Stowe Centre, Porchester Leisure Centre, Churchill Gardens and Church Street) that would suit hub-working. Use existing space in estate offices to create mini-hubs for a phased delivery while we move towards

creating the long term solution. The delivery of new hubs may be achieved through rebranding of existing facilities (libraries and Leisure Centre).

- **Potential Development Opportunities** – releasing surplus buildings and land as a result of rationalisation, for change of use, redevelopment and revenue generation. The Council does not have a measured survey of the portfolio yet (this is in production), but on a very high level assumption, releasing say 50,000 sq ft could lead to rental revenue of c. £2m pa
- **Alternative Delivery Models**

Two key functions for the Council are the provision of library facilities and sports and leisure facilities both of which form a considerable part of the operational footprint. Traditionally there has been the need for public intervention to address market failures in these areas. However, with technological and industry advances, is there an alternative method of delivery? This does not mean closing facilities, but modernising that way in which these services are provided.

8. Health and Wellbeing implications

There are no health and wellbeing implications.

9. Financial implications

Through the implementation and evolution of a property strategy which provides greater focus on the income generation and also efficient use of the Council's corporate property portfolio, we can make a substantial contribution to the Council's financial position.

10. Legal implications

- The Corporate Property Strategy will ensure the efficient use of the Council's property assets in line with its fiduciary duty to the Council's taxpayers.
- Westminster City Council is a large property owner and there are a number of powers relating to property acquisitions and disposals which will occur due to efficient use of the Council's resources.
- Therefore before deciding to dispose of property (freehold or leasehold above 7 years) at an undervalue (s.123 Local Government Act 1972) or acquire land (s.120 of the Local Government Act 1972) at above market value, the Council ought to consider whether this would be a prudent course of action bearing in mind the reasonableness test and best value.
- It is a key principle of administrative law that Local Authorities have to exercise their functions in a proper manner and make decisions based on the appropriate criteria and a reasoned consideration of the issues

(Associated Provincial Picture Houses Limited v Wednesbury Corporation (1948), 1 Kings Bench 223).

- Best value under the Local Government Act 1999 introduced the principle that Local Authorities are obliged to “make arrangements to secure continuous improvement in the way in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness (Section 3 LGA 1999). This is a duty which underpins all Local Authorities’ activities and functions and the Council must have regard to it in relation to the new Corporate Property Strategy and maximise the use of assets for the benefit of its area and Council taxpayers.

**If you have any queries about this Report or wish to inspect any of the Background Papers please contact:
Guy Slocombe x 5465**

APPENDICES

Appendix A (Westminster Asset Management Strategy Initial View)

Appendix B (City Hall Update)

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

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City of Westminster

Committee Report

Meeting:	Housing, Finance and Customer Services Policy and Scrutiny Committee
Date:	18 November 2015
Classification:	General Release
Title:	Registered Provider Performance and City West Homes resident satisfaction
Report of :	Barbara Brownlee – Director of Housing
Wards Involved:	All
Policy Context:	Housing Strategy
Financial Summary:	The report is for information only there are no financial implications
Report Author and Contact Details:	Fergus Coleman and Jake Mathias fcoleman@westminster.gov.uk Tel: 0207 6412129 jmathias@westminster.gov.uk Tel: 0207 6413359

Section 1 – Registered Provider Performance and Tenant Satisfaction

1. Executive Summary

- 1.1. This section of the report details the performance and tenant satisfaction of Registered Providers (RP) and other social landlords who have housing stock in Westminster.

2. Key matters for the Committee's consideration

- 2.1. Going forward, should the Council produce an annual questionnaire that will be sent out to all our major RPs requesting standard information concerning their performance and tenant satisfaction data as this relates specifically to their operations in the City?
- 2.2. Does the Committee agree that RPs that are members of Westminster's Housing Association Chief Executives Group should be asked to make a voluntary commitment to provide local Westminster performance and tenant satisfaction data available to the Council in future?

3. Introduction

- 3.1. Performance levels of RPs and other social landlords may be measured by the Council in terms of the satisfaction levels of their tenants. However, performance will also include these organisations' contribution towards the delivery of new affordable housing supply in the City and the number of new and existing homes that are made available by these landlords to households in housing need that are nominated by the City Council.
- 3.2. RP landlords are independent of the City Council and are regulated by the Homes and Communities Agency (HCA). Being independent, the City Council does not have direct control over RPs but works in partnership with them to meet the needs of Westminster residents.
- 3.3. However, as with private landlords the City Council does have statutory powers to take enforcement action against RPs where there are breaches relating to public health, housing conditions, infectious disease, pest control and nuisance.
- 3.4. A number of the Council's major social landlords have now signed up to a Joint Working Protocol with the Council's Public Protection & Licensing team dealing with investigations into housing conditions.
- 3.5. The Protocol sets out how those parties to the protocol will work together to improve properties where the Council receives complaints from provider tenants. The Protocol is a statement of intent signed by the Council and the RP to put the Protocol into effect, and adhere to agreed ways of

working. The protocol was introduced with the aim of avoiding the need to serve notices or other statutory action.

- 3.6. There are over 40 social landlords in the borough including registered and non-registered providers. However, Westminster and 11 PRs own the majority of the City's affordable housing stock, with the remaining providers holding relatively small numbers of stock in Westminster.
- 3.7. There are approximately 29,148 affordable homes in Westminster, of which 27,348¹ are social housing units provided at traditional target rent levels or on newer affordable rent levels, with a further 1,800 affordable homes provided for intermediate² housing
- 3.8. The City Council is the largest social landlord in Westminster. City West Homes (CWH) manage 12,133 social housing units (plus 9,071 leasehold properties) on behalf of the City Council ; the remaining 15,148³ social housing units are owned and managed by Registered Providers (RPs), more commonly known as housing associations, or other non-registered social landlords.
- 3.9. There have been a number of significant housing policy changes announced by the Government recently which are likely to impact Register Providers and their tenants. These include;
 - Extension of Right to Buy (RTB) to Housing Associations tenants - the G15 (London's largest RPs) and the organisation representing the major national RPs have signed up to as voluntary agreement with the Government to offer RTB to their tenants;
 - A reduction in social housing rents by 1% every year for the next 4 years;
 - 'Pay to Stay' requiring social housing tenants with incomes of £40,000 or more in London (£30,000 outside London) to pay higher rents, potentially up to market levels.

Some of these proposed changes will be subject to the passing of the Housing and Planning Bill currently going through Parliament.

- 3.10. Reports on RP Performance and Tenant Satisfaction levels are generally only available for their stock as a whole or broken down on a regional basis. RPs do not produce performance and tenant satisfaction levels as these relate to their stock within individual Local Authority areas.

¹ Tenure information from the 2011 Census

² Intermediate housing includes shared ownership/shared equity or sub market rented housing

³ Includes general needs and supported housing units

4. Registered Provider stock, new affordable housing supply and nominations

- 4.1. The largest affordable stock holders in Westminster after the City Council are the Peabody Trust who hold more than 3,000 units and Genesis Housing Group with over 2,500 properties. These housing figures include all affordable housing tenures. There are a range of RPs and other providers with smaller stock holdings in the borough. Most RPs operating in the City are regional or national organisations, with very few RPs having all their affordable housing stock solely located in Westminster.
- 4.2. Table 1 shows the general needs housing stock owned and managed in the borough by the 11 RPs that make up the Housing Association Chief Executives group (HACE) plus City West Homes. The RPs that are HACE members own over 70% of the total affordable housing stock held by RPs in Westminster. HACE meets quarterly at Westminster to discuss best practice and share ideas to inform policy development.

Table 1: General needs housing stock in Westminster owned by HACE landlords

Registered Provider	General Needs Housing*
City West Homes ⁴	12,133
Peabody	2,570
Genesis	2,248
Octavia	1,522
Network Stadium	1,101
London and Quadrant (L&Q)	714
A2Dominion	627
Sanctuary	587
Soho	501
WECH ⁴	443
One Housing Group	363
Notting Hill (NHHG)	46

*Data from Statistical Data Return 2013/14 – General Needs social housing units only.

- 4.3. RPs play a critical role in delivering new affordable housing supply in the City and providing the City Council with nomination entitlements to both new and existing affordable homes in order that Westminster can address its affordable housing need and meet its statutory housing duties.
- 4.4. During the 6 year period 2009/2010 to 2014/2015, a total of 1,030 new affordable homes have been delivered by RPs in Westminster, the majority of which have been provided as a result of private developer planning

⁴ City West and WECH's only housing stock is in Westminster

obligations. Of these new affordable homes, 720 (70%) were provided as social housing and 310 (30%) as intermediate housing.

- 4.5. Over the same period, 2,109 successful nominations have been made by the City Council to new and existing RP social housing stock located in Westminster. The City Council has historic nomination rights to most affordable housing stock owned by RPs in the City. The City Council's nomination entitlements range from 100% at initial letting to between 50% and 75% of true voids on subsequent lettings.
- 4.6. Table 2 shows the total number of new affordable homes delivered in Westminster between 2009/2010 and 2014/2015 and lettings of RP social housing units to City Council nominees over the same period. Details of the numbers of new affordable homes and lettings provided by the 11 HACE RPs are identified.

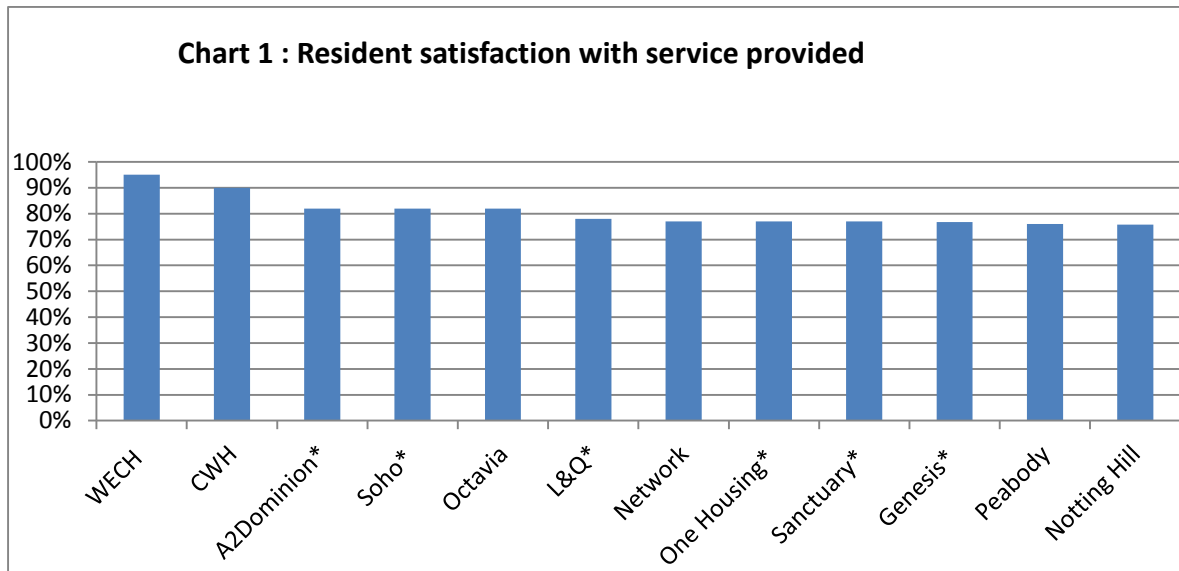
Table 2: New affordable housing supply delivered by RPs in Westminster between 2009/2010 and 2014/2015 and the number of social housing RP lettings to WCC nominees

RP	New RP Affordable Housing Supply			Lettings to WCC nominees in RP social housing stock		
	Social Housing	Intermediate housing	Total Affordable Housing Supply	First Lets	Relets	Total Lettings to WCC
A2DOMINION	160	19	179	177	47	224
GENESIS	65	32	97	59	164	223
L&Q	0	0	0	4	73	77
NETWORK	22	0	22	79	112	191
NHHG	12	5	17	12	3	15
OCTAVIA	167	70	237	115	101	216
ONE HOUSING	40	26	66	40	39	79
PEABODY	53	24	77	56	380	436
SANCTUARY	17	7	24	17	62	79
SOHO	5	0	5	16	40	56
WECH	0	0	0	0	29	29
Misc. RPs	179	127	306	155	329	484
Total Supply & Lettings	720	310	1,030	730	1,379	2,109

5. Social Landlord Performance and Tenant Satisfaction

- 5.1. Information on Social Landlord Performance and Tenant Satisfaction as described in this next section is taken from 2013/2014 data submitted by providers to Housemark, or where this data was not available from Housemark it has been taken from the RP's 2013/2014 Annual Reports.
- 5.2. Housemark is a data gathering and analysis service, benchmarking performance data for social landlords nationally and regionally. There is no requirement for RPs to register with the service, which is purely voluntary. The data used in this report has been provided at a London level as data is not currently available at a local authority level.
- 5.3. The Housemark service uses a wide range of benchmarks in order to compare the performance of different landlords across a range of measures. However, those landlords submitting performance data to Housemark are able to choose which benchmark data they wish to submit. Therefore, a full set of benchmark data for all landlords is not always available and consequently the benchmark measures shown in this report are those most commonly submitted by landlords to Housemark.
- 5.4. The Housemark data used in this report is for the period 2013/2014, as the 2014/2015 data sets are in the process of being uploaded to the HouseMark site.
- 5.5. Where available, data has been used to allow for comparisons between the 11 RPs that are members of HACE, and City West Homes.
- 5.6. Performance comparisons between RPs have been made at a London level where this information is available. Otherwise, data collected for RPs at a national level has been used. The nature of the stock held in London and in the regions may impact upon performance and satisfaction responses and therefore may not fully reflect Westminster residents' views.

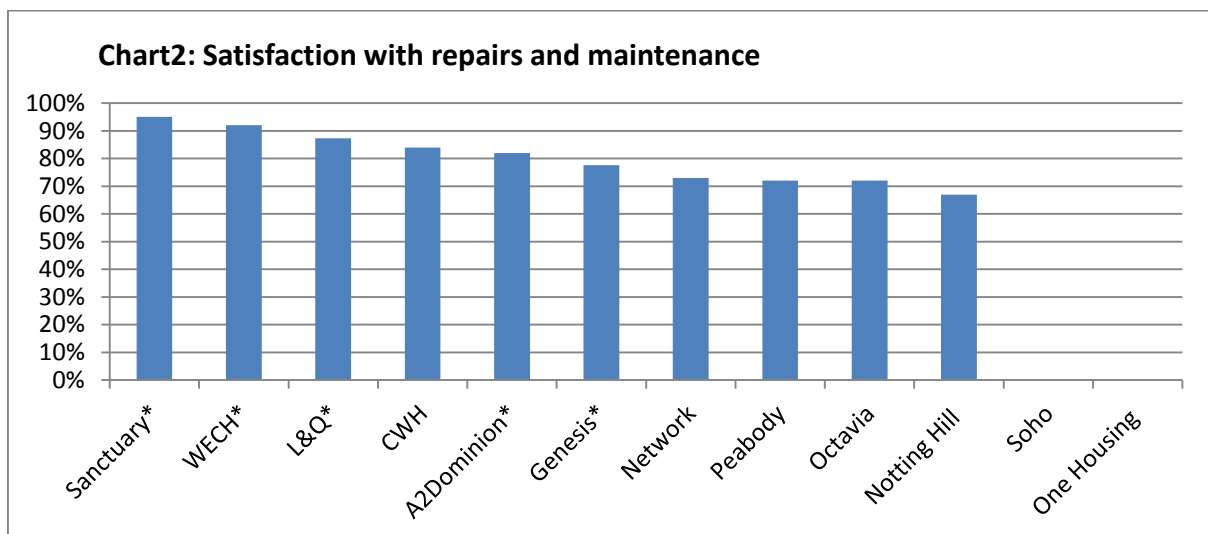
- 5.7. Chart 1 shows levels of resident satisfaction with service provided for the 11 HACE RPs and City West Homes. The landlord with the highest levels of service satisfaction is WECH (97%), followed by CWH (90%) and then A2Dominion and Soho with (82%).



Data from Housemark 2013/14

*Data from 2013/14 RP Annual Reports

- 5.8. Chart 2 shows tenant satisfaction levels with repairs and maintenance. The highest levels of satisfaction are with Sanctuary (95%) followed closely by WECH (92%). The least satisfied residents are Notting Hill's who have a 67% satisfaction rating.

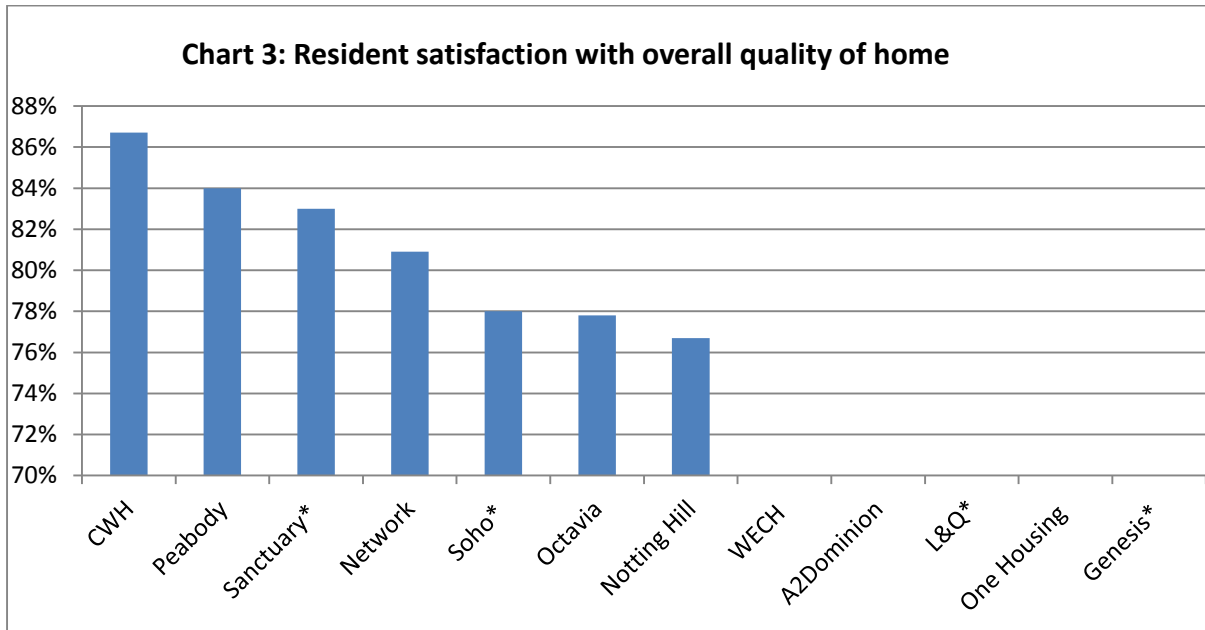


Data from Housemark 2013/14

*Data from 2013/14 RP Annual Reports

Where blank, data is unavailable

5.9 Resident satisfaction levels with overall quality of home are set out in Chart 3. City West (87%) has the highest satisfaction levels for this measure followed by Peabody (84%) and Sanctuary (83%). The lowest satisfaction levels recorded are from Notting Hill residents. However, information for a number of other HACE RPs is currently unavailable.

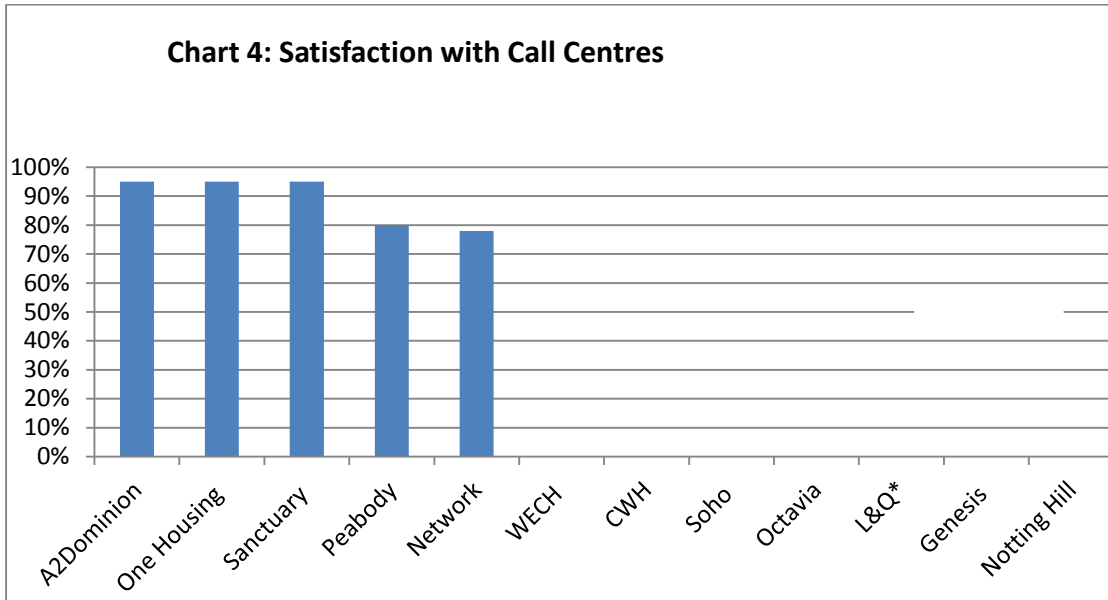


Data from Housemark 2013/14

*Data from 2013/14 RP Annual Reports

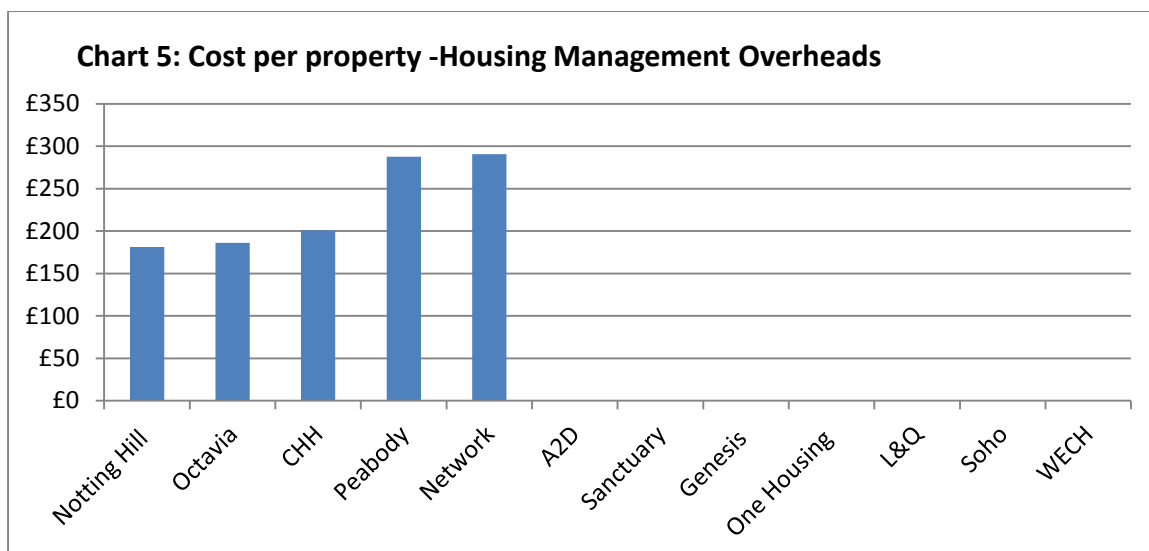
Where blank, data is unavailable

5.10 Chart 4, shows resident satisfaction with Provider Call Centres. A2Dominion, One Housing Group and Sanctuary residents record the highest levels of satisfaction (95%). However, information is currently unavailable for a number of other landlords who do operate call centres.



Data provided from RP Annual Reports
Where blank data is unavailable

5.11 Chart 5 shows housing management overheads per property .This cost data is sourced from Housemark. The lowest cost incurred is by Notting Hill with £181 with highest costs incurred by Network at £290 per property. CWH’s costs are at £201 per property. Comparable data from a number of other landlords in Westminster is currently unavailable.



5.12 The performance data sets described above are based upon regional or even national data for individual providers and may not fully reflect RP performance in Westminster or the satisfaction levels of their tenants living in the City.

5.13 Westminster has written to all its major Registered Provider partners requesting performance and tenant satisfaction data specific to their Westminster area of operations.

5.14 Currently our Registered Providers do not survey all their residents in the same way as City West Homes. Instead sample surveys are carried out by these RP's and where a proportion of the residents sampled may reside in the City.

6. Westminster Registered Provider Performance and tenant satisfaction

6.1 This section of the report sets out the responses of RPs who have so far replied to a request by Westminster for performance and tenant satisfaction data specific to their Westminster area of operations. It also sets out details of actions being taken by some of these RPs in order to improve their performance and tenant satisfaction levels.

6.2 A number of other local authorities in London also request performance information and tenant satisfaction data of their RP partners. However, the information that is provided by RPs to these other authorities only represents sample responses from tenants living in these boroughs as full surveys of all tenants are generally not carried out by these RPs and other LAs also struggle to get local satisfaction data from RPs.

Peabody

- 6.3 Peabody has provided Westminster with a breakdown of performance and resident satisfaction data in the City for the 2014/15 period. They have also provided comparison data for Peabody's stock as a whole.

Peabody resident satisfaction results for Westminster are drawn from the responses of just 93 of their Westminster tenants who took part in their annual survey. These results are summarised below at Table 3

Table 3: Peabody Westminster Key Performance Indicators 2014/2015

STAR survey results	Westminster 14/15	All Peabody 14/15
Overall Resident Satisfaction - Social	69%	68%
Satisfaction with Quality of home - Social	81%	77%
Satisfaction with Neighbourhood as a place to live - Social	87%	87%
Satisfaction that rent provides VFM - Social	79%	78%
Satisfaction that Service Charge provides VFM - Social	75%	74%
Satisfaction with repairs and maintenance - Social	61%	66%
Satisfaction that your views are listened to and acted upon - Social	53%	61%

Arrears & rent collection	Westminster 14/15	All Peabody 14/15
Rent arrears as a percentage of annual receivable	3.31%	4.62%
Rent collected	100.11%	99.66%

Headline Repair KPIs	Westminster 14/15	All Peabody 14/15
Responsive repairs completed on time	91%	91%
First Time Fix	74%	74%
Appointments Kept	92%	91%
Average calendar days to complete a repair	14	14

Re-let times	Westminster 14/15	All Peabody 14/15
Casual re-let days - Social	25	29

Peabody has recently conducted a comprehensive, independent assessment of their repairs and maintenance service and a programme of changes to improve performance and resident experience are underway. Peabody aim to implement a proactive approach to repairs, where employees are empowered to intervene quickly when issues emerge.

Peabody have also conducted a detailed analysis of resident feedback on how Peabody listen to and act upon tenant's views, and identified a number of themes related to communications and customer service in general. Peabody will be taking these findings into account in developing their Customer First

programme, which is specifically designed to improve the customer service experience when engaging with Peabody.

In addition to the above, Peabody is also conducting improvements to their service offer for Anti-Social Behaviour cases, their complaints case management and further developments of Peabody's IT platform to better enable the business to provide personalised services to residents. Peabody anticipates these activities will lead to improvements in services they are providing to residents in Westminster.

Genesis:

- 6.4 Genesis do not currently collate Westminster specific performance and tenant satisfaction data but have expressed an interest in doing a borough survey of tenant satisfaction in conjunction with a City West Homes annual survey subject to the cost of this exercise being viable.

Genesis began working with The Leadership Factor in July 2014 to adopt a new approach to measuring customer satisfaction with the services that they provide. This involved an initial baseline survey of 564 customers, followed up with monthly surveys of 133 customers across all Genesis' stock.

To date Genesis has completed a total of 2,393 surveys with a tenure split of 75% General Needs (Inc. Temporary Housing) and 25% Leaseholders.

Feedback from these surveys, both in terms of scores and the detailed comments from customers have enabled Genesis to identify and focus on areas of concern to their customers; targeting areas for service improvement.

Genesis overall customer satisfaction is rated at 77% at the end of September 2015. However, given the small sample of surveys currently available to Genesis it is not statistically valid to break the scores down below this headline figure.

The work that Genesis is doing with the Leadership Factor is supported by post transactional surveys carried out through Bright (Survey Provider). These are conducted with customers directly following their interaction with Genesis services.

Genesis currently use these within their contact centre and for their repairs operatives, enabling them to obtain real time feedback on the customers experience and work with staff to map out improvements.

Currently the feedback through these surveys shows a positive direction of travel in terms improving service levels. Table 4 summarises the satisfaction levels of Genesis residents surveyed by Bright during April to September 2015 in relation to maintenance services provided and general overall satisfaction with Genesis.

Table 4: Post Transactional Survey carried out on Genesis residents

Month	Satisfaction levels with Genesis Maintenance Services	Overall satisfaction levels with Genesis
April	69%	75%
May	68%	73%
June	74%	77%
July	77%	77%
Aug	79%	77%
Sept	72%	77%

Genesis are also reporting that the number of complaints received from residents located in their Region 3 area (Westminster, West and South London) has also decreased and that and that 100% of these complaints are being responded to within their target time of 10 days.

One Housing Group:

- 6.5 One Housing Group has surveyed 3,896 residents across their entire housing stock during 2015 including 95 residents living in Westminster. Table 4 below summaries the satisfaction levels of those residents surveyed in Westminster.

Table 4: OHG Westminster Registered Provider Performance and Tenant Satisfaction 2015		
KPI Name	No of Westminster Residents Surveyed	Satisfaction levels YTD
General Needs Satisfaction	15	90.91%
Leaseholder & Shared Owner Satisfaction	13	61.54%
Estate Satisfaction	13	61.54%
% Satisfaction with Customer Contact Service	14	100.00%
Satisfaction with Complaints Handling (Housing Services)	2	100.00%
Repairs Satisfaction	8	100.00%
% Satisfaction with ODML Contact Centre	26	84.62%
Satisfaction with Complaints Handling (One Direct)	1	100.00%
Resident Satisfaction with Employment and Partnership Service	3	100.00%

Notting Hill

6.6 Table 5 sets out key performance indicators for Notting Hill's stock in Westminster

Table 5: Notting Hill Key Performance Indicators		
STAR survey results	NHHG Stock in Westminster 14/15	All NHHG Stock 14/15
Overall Resident Satisfaction - Social	85%	74%
Satisfaction with Quality of home - Social	84%	76%
Satisfaction with Neighbourhood as a place to live - Social	89%	83%
Satisfaction that rent provides VFM - Social	100%	74%
Satisfaction that Service charges provides VFM - Social	not measured	not measured
Satisfaction with repairs and maintenance - Social	47%	45%
Satisfaction that your views are listened to and acted upon - Social	64%	61%

Arrears & rent collection	Westminster 14/15	All NHHG 14/15
Rent arrears as a percentage of annual receivable	4.83%	5.87%
Rent collected	103.25%	100.63%

Headline Repair KPIs	Westminster 14/15	All NHHG 14/15
Responsive repairs completed on time	*	0.9515
First Time Fix		not measured
Appointments Kept		not measured
Average calendar days to complete a repair		5.4 (GN only)

Re-let times	Westminster 14/15	All NHHG 14/15
Casual re-let days – Social	136 days (there were only re-lets in supported housing stock in WCC in 14-15, hence the high turnaround time.	34 days (18,.8 days if Supported Housing, which needs local authority liaison, is omitted)

Section 2 – CityWest Homes customer satisfaction

Background

- 7.1 The Committee has raised a concern that the CWH customer satisfaction surveys do not get responses from all of the target audience and may exclude the hard-to-reach and discontented. This part of the paper provides further detail on the methodologies employed by CWH and commentary on the reliability of the results and their plans for supplementing the present approach.

The annual customer satisfaction survey provides CWH's most important source of intelligence on how our customers feel about their services. The survey process has remained significantly unchanged for the past four years and involves a sample frame of all tenants and all lessees excluding a small number of non-UK lessees. The survey process is managed by the corporate projects team at CityWest Homes, and both the survey methodology and results are verified externally by Ipsos Mori.

Ipsos Mori are contracted to provide support throughout the process and to ensure the methodology is sound and that it yields a robust and reliable set of results.

Questionnaire design

- 7.2 The questionnaire has its roots in the compulsory Best Value survey known as STATUS, which was updated in 2011 by Housemark, the Institute of Housing's benchmarking and good practice unit. Their STAR survey has been widely adopted by councils and housing associations, including CWH.

Using these standardised questions allows CWH to benchmark their results against other organisations. Even a slight change to a question, an answer scale or the positioning of a question has the potential to produce different responses.

Each year the survey is reviewed to ensure it remains fit for purpose. The previous year's survey is used as the starting point and is circulated to staff at CWH and WCC and resident groups for comment. Questions that are no longer relevant are deleted and the survey is supplemented with questions covering topical issues to inform our work.

Ipsos Mori are provided with final versions of the questionnaires to check that the changes made do not compromise our ability to benchmark results with previous years and that they remain robust.

Data protection

- 7.3 In order to meet the requirements of the Data Protection Act, the questionnaire includes an explanation stating the purpose for which the data is collected and how it is used. Residents are provided with an option to tick a box if they are willing for the feedback provided in the survey to be shared with the local manager to help improve the service locally. Where residents tick the box, the comments from individual surveys are passed to the appropriate area and village managers and form a valuable source of qualitative information to support the quantitative data, providing greater insight to the specific issues that customer's experience.

Sampling and despatch

- 7.4 The questionnaire is posted to all tenants and lessees (excluding a small number of lessees with addresses overseas) with a pre-paid return envelope addressed to 21 Grosvenor Place. In addition to the postal survey, residents for whom we hold an e-mail address are sent a link to the survey for online completion, optimised for a range of devices. The postal survey also includes details of how to complete the survey via the CWH website.

We have chosen to send questionnaires to all residents, rather than using a sample approach for a number of reasons. The survey is fundamentally an opportunity for customers to let CWH know their views on the services it provides and it would be unfair to deprive any customers of this platform. This approach produces a greater number of responses leading to a set of results with a high level of reliability.

The surveys are usually dispatched in April, however in 2014 and 2015 the process was delayed until after the local and national elections.

In 2014, three weeks were allowed for survey responses and this year the period was extended to four weeks. Past experience has shown that the rate of response declines over the survey period, however in previous years we have received some forms after the deadline so allowing an extra week was deemed an effective method of maximising the response rate.

Other techniques employed to maximise survey returns include offering the questionnaire in alternative formats and offering an interpreting service. E-mailing all residents for whom we hold an e-mail address to alert them to the survey has also proved useful in increasing our overall response rate, as well as nudging residents towards the on-line survey which is cheaper to administer.

Completed paper surveys are collected and delivered to an off-site location for input by two temporary staff employed for the purpose.

Data input

- 7.5 The responses are inputted into a specialist survey programme 'Snap Surveys 10' over the course of the fieldwork. When data entry is complete, the results are searched to ensure there is only one survey response per address. All surveys must be accompanied by the unique personal reference number (UPRN).

The data is not analysed by CWH but is instead sent to Ipsos Mori who use a range of statistical analysis tools to calculate and validate the results.

Statistical reliability of results

- 7.6 Over the past three years we have seen increases in the number of residents who complete the survey on-line, as well as an overall improvement in response rates. This is positive as it allows for greater confidence levels, reducing the statistical variability of the results.

In 2014, overall satisfaction with landlord services was recorded at 70% for lessees and 90% for tenants. In 2015 the results dipped to 69% for lessees and 88% for tenants. The results changed by 1% for lessees and 2% for tenants.

The table below summarises the accuracy of survey scores on overall satisfaction with landlord services levels using a 95% confidence interval. The data used is from the 2015 annual survey.

Resident group	Satisfaction with landlord – Number of responses	% Satisfied	Margin of error (±)
Tenants	2,883	88%	1.6%
Leaseholders	1,131	69%	2.7%

The table demonstrates that the 2% change recorded for overall tenant satisfaction with landlord falls just outside the threshold of statistical variability. A 2% change for tenants exceeds the $\pm 1.6\%$ margin of error and therefore denotes a small but significant drop in satisfaction. The 1% change in lessee satisfaction falls within the margin of error of $\pm 2.7\%$ and therefore could be a product of statistical variability.

In 2015 the profile of tenants who responded to the survey closely matched that of the overall 'resident population' as shown below, demonstrating that

the census approach can deliver results which are representative of the population as a whole.

	Survey response (%)	Tenant population (%)
Gender		
Male	48	46
Female	52	54
Ethnicity		
White	53	49
BME	47	51
Age		
16-24	1	1
25-34	6	9
35-54	34	39
55-64	19	19
65+	40	32

CWH also holds information on the employment status of some (57%) but not all of its tenants. This data has been compared with the employment status given by tenant respondents in the 2015 survey and this is shown below. It may be seen that there is a close match in the data sets.

Economic category	Returned survey 2015 %	Profiling information held %
Full-time education at school, college or university	2	2
Full-time job (30 hours or more per week)	15	18
Government supported training	1	1
Part time job (less than 30 hours per week)	12	11
Permanently sick or disabled	21	17
Retired	38	37
Unemployed and available for work	11	14
Total	100	100

CWH holds limited data on the above characteristics in respect of lessees and therefore no analysis of bias is possible in respect of the lessee survey.

Evaluation and Performance Team

- 7.7 The Evaluation and Performance Team within the Council has reviewed the CWH methodology and are content with its robustness and point to:

- The high number of responses
- The 'fit' of the tenant respondents with the tenant population
- The fact that other surveys are carried out periodically throughout the year do not show that the annual survey is out of kilter. These surveys are:
 - In flat repairs
 - New tenant satisfaction
 - Anti-social behaviour service
 - Major works

They mention the fact that there is no data on the profile of lessees and the percentage of lessees responding is also lower, albeit that the total number nevertheless provides a good sample size. The lack of profile data is a weakness but is not a matter that may be easily overcome.

Their advice has been sought on whether a secondary survey could be carried out in order to establish whether the feeling of the Committee that malcontents are responding in lower numbers is true. They report that whilst this could be carried out by a telephone or face-to-face survey of say 500 customers who have not responded it is questionable whether the cost justifies what is likely to be a marginal increase in accuracy given that the on-going surveys listed above are not indicating that the annual survey results are significantly skewed. Surveys of this type are time-consuming as they involve eliciting a response from persons who have not been motivated to reply to an earlier survey.

Institute of Customer Service

- 7.8 To date CWH has compared their customer satisfaction with other social landlords using the 'Housemark' methodology run by the Chartered Institute of Housing. However, customers' expectations are shaped by their experience of the best service providers in a variety of sectors e.g. retail and officers have agreed with CWH need to update how we measure our performance. CWH have recently become members of the Institute of Customer Service and will be using their customer satisfaction measurement tools in future.

CWH will continue to measure satisfaction immediately after delivering specific services and will continue with a streamlined Housemark annual survey however it is anticipated that over time many of the indicators will become obsolete as they are replaced by real time satisfaction measurements used by the Institute of Customer Service.

The Institute of Customer Service is an independent body which helps organisations strengthen their business performance by improving their customers' experiences. Members include over 400 national and regional businesses in the private and public sectors such as Direct Line and M&S.

Over the year ahead, CWH plan to continue with existing arrangements for surveys, but to change the methodology for the annual housing management survey, aligning it with the principles operated by the Council for the City Survey. In parallel, CWH will introduce a biannual customer satisfaction

survey, based on customers' most recent service experiences with the organisation. Respondents will be asked to rate the organisation on a range of customer service priorities. These relate to professionalism; quality and efficiency; ease of doing business, timeliness, problem solving and complaint handling. The results for these individual questions can then be aggregated to produce a single, overall customer service score or UKCSI (UK Customer Satisfaction Index).

The ICS collate their members UKCSI scores and produce regular reports which will allow CWH to carry out a range of selective benchmarking nationally and by sector against industry-leading organisations. CWH will also have access to ICS statistical analysis tools that help to identify the links between customer service and other measures of business performance such as brand loyalty, customer effort and recommendation.

Comparative lessee satisfaction

- 7.9 The Committee has not specifically asked for the information below but the lower level of lessee satisfaction compared with tenant satisfaction begs the question as to how this compares with other landlords. CityWest Homes benchmarks its 'overall satisfaction' figure with similar organisations in the public and third sector and the results are presented below. This information was shared between providers on the basis that it would remain confidential between participating organisations and is not to be put into the public domain. Unlike social landlords, private sector leasehold management providers do not make their performance information readily available and it has not been possible to obtain data for this meeting.

Benchmarking Data for:	August 2015
Organisation	Leaseholder Satisfaction
London borough	74%
CityWest Homes	70%
London borough	65%
Large RP	59%
SE borough council	54%
London borough	52%
London borough	47%
London borough	45%
London borough	42%
Large RP	40%
London borough	39%