



City of Westminster

Cabinet Agenda

Title: **Cabinet**

Meeting Date: **Monday 12th December, 2016**

Time: **7.00 pm**

Venue: **Rooms 5, 6 & 7 - 17th Floor, Westminster City Hall, 64 Victoria Street, London, SW1E 6 QP**

Members: **Councillors:**

Baroness Philippa Coultie (Chairman)	Danny Chalkley
Heather Acton	Robert Davis, MBE, DL
Nickie Aiken	David Harvey
Daniel Astaire	Tim Mitchell
Melvyn Caplan	Rachael Robathan

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, Mick Steward, Head of Committee and Governance Services.

**Tel: 7641 3134; Email: msteward@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 Director of Law in advance of the meeting please.

AGENDA

PART 1 (IN PUBLIC)

1. WELCOME

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 approve the minutes of the meeting held on 10 October 2016.

(Pages 1 - 4)

4. HEALTH AND WELLBEING STRATEGY

Report of the Executive Director of Adults and Public Health.

(Pages 5 - 46)

5. HOUSING INVESTMENT STRATEGY AND HOUSING REVENUE ACCOUNT BUSINESS PLAN

Report of the Executive Director, Built Environment.

(Pages 47 - 98)

6. COUNCIL TAX BASE 2017-2018

Report of the City Treasurer.

(Pages 99 - 114)

7. LEICESTER SQUARE DEVELOPMENT (TO FOLLOW)

Report of the Executive Director, Built Environment.

8. BERWICK STREET MARKET: RESPONSE TO PETITION (TO FOLLOW)

9. TREASURY MANAGEMENT STRATEGY - MID YEAR REVIEW (TO FOLLOW)

Report of the City Treasurer.

**10. ANY OTHER BUSINESS WHICH THE CHAIRMAN
CONSIDERS URGENT**

**Charlie Parker
Chief Executive
2 December 2016**

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CITY OF WESTMINSTER

MINUTES

Cabinet

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Cabinet** held on **Monday 10th October, 2016**, Rooms 5, 6 & 7 - 17th Floor, Westminster City Hall, 64 Victoria Street, London, SW1E 6 QP.

Members Present: Councillors Baroness Philippa Coultie (Chairman), Heather Acton, Nickie Aiken, Melvyn Caplan, David Harvey, Tim Mitchell and Rachael Robathan

Apologies for Absence: Councillor Daniel Astaire, Councillor Danny Chalkley and Councillor Robert Davis, MBE DL

1 WELCOME

1.1 Councillor Baroness Coultie welcomed those present.

2 DECLARATIONS OF INTEREST

There were no declarations.

3 MINUTES (11 JULY 2016)

3.1 The Leader, with the consent of the Members present, signed the Minutes of the meeting held on 11 July 2016 as a true and correct record of the proceedings.

4 EFFICIENCY PLAN, FOUR YEAR FINANCIAL SETTLEMENT AND FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY (SEE REPORT OF THE CITY TREASURER)

4.1 Steve Mair, City Treasurer introduced the report. He advised that the report set out the requirements of the DCLG. Cabinet noted that the benefits of the four year settlement meant that funding levels will not be confirmed at short notice. Allowing crucial decisions to be made in a more informed manner.

4.2 Resolved:

That Cabinet agrees to:

- (a) The four year financial settlement as set out in the DCLG 2016/17 Final Government Finance Settlement.

- (b) The principle of utilising capital receipts to finance revenue expenditure in the circumstances outlined, subject to agreement as part of the Council's budget setting process.

Reason for Decision

The decision allows Officers to have regard to the settlement and the use of capital receipts in preparation of budget options for 2017/18 on future years.

5 NORTH WEST LONDON SUSTAINABILITY AND TRANSFORMATION PLAN (SEE REPORT OF THE EXECUTIVE DIRECTOR OF ADULT SOCIAL CARE AND HEALTH)

- 5.1 Liz Bruce, Executive Director of Adult Social Care and Health introduced the report. She advised that the shadow board was in place to carefully prepare the submission which the Leader and Councillor Aiken stated should be submitted with the agreement of Councillor Robathan.

5.2 Resolved:

That Cabinet delegate authority to the Chief Executive, with the agreement of the Cabinet Member for Adults and Public Health to decide if support in principle is given to the NHS submission of the STP due in October. This support is subject to receiving subsequent further clarity on the impact of plans including the funding transfer to local government and the out of hospital strategy. Further updates will come back to future Cabinet meetings setting out implications to the Council and any formal decisions that may need to be taken.

Reason for Decision

Responsibility for the development of Sustainability and Transformation Plans sits with NHS commissioners and providers. Local Government has played a key leadership role in the development of plans for North-West London but it is an NHS-led process. NHS England requires the North-West London footprint to submit the next version of the STP on 21 October 2016. A draft of the October submission will only be available for local government partners to consider shortly before the submission date, hence the governance and approval process for this needs to be delegated to fit with the timelines. The June "checkpoint" submission STP has been considered by the Health and Wellbeing Board and Adults, Health and the Public Protection Policy & Scrutiny Committee. The June "checkpoint" submission of the STP is attached to this report at Appendix 1.

6 ANY OTHER BUSINESS WHICH THE CHAIRMAN CONSIDERS URGENT

The Meeting ended at 7.06pm.

CHAIRMAN: _____

DATE _____

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City of Westminster

Cabinet Report

Meeting:	Cabinet
Date:	12th December 2016
Classification:	For General Release
Title:	Health and Wellbeing Strategy for Westminster
Wards Affected:	All
Financial Summary:	All financial elements of the strategy are covered within the North West London Sustainability and Transformation Plan (NWL STP). A report on the NWL STP was presented to Cabinet on 10 th October.
Report of:	Executive Director of Adult Social Care and Health, Liz Bruce Tel: 020 8753 5001 Email: Liz.Bruce@lbhf.gov.uk

1. Executive Summary

- 1.1. The strategy is being presented to Cabinet because of its potential broad and strategic impact to the council. The report recommends that Cabinet approve and adopt the Health and Wellbeing Strategy for Westminster.
- 1.2. This report updates on the development of the refreshed Health and Wellbeing Strategy which will act as the local delivery plan to the North West London Sustainability and Transformation Plan (NWL STP). The report also highlights the changes that have been made to the strategy following a 14 week consultation period.

2. Recommendations

- 2.1 The report recommends that Cabinet approve and adopt the Health and Wellbeing Strategy for Westminster.

3 Reason for decision

- 3.1 Westminster's Health and Wellbeing Strategy is a joint statutory responsibility of the Council and Central London and West London Clinical Commissioning Groups (CCGs). Cabinet is requested to approve the strategy and move to

adopt it on behalf of Westminster City Council. Through its link to the NWL STP, the strategy addresses the sub-regional challenges around joining up estates, developing multi-skilled health and care teams and joining up health and care services to improve people's experiences of services and their lives. The strategy will act as the local delivery plan for the STP priorities as well as addressing local priorities.

4 Context

- 4.1 This is a refresh of the Health and Wellbeing Board's first joint strategy, *Healthier City, Healthier Lives*, published in 2013. Building on the achievements of the previous strategy, the refreshed strategy reflects the changed population needs in Westminster and aligns with new national requirements around achieving an integrated local health and care system by 2021. To meet these challenges, the refreshed strategy commits the council, CCGs, voluntary sector and communities to improve this.
- 4.2 In December 2015, NHS England mandated every health and care system in England to produce a five year STP, showing how local services will evolve and become sustainable over the next five years – ultimately delivering the NHS Five Year Forward View of better health, better patient care and improved NHS efficiency. The Health and Wellbeing Board agreed in January 2016 that the Health and Wellbeing Strategy would act as the local delivery plan for the NWL STP and accordingly the main themes of both documents have been linked – specifically on prevention, early intervention, developing and maintaining high quality service for people when they require support and improving mental health and wellbeing for adults and children.

5 Priorities of the Strategy

- 5.1 The content of the strategy is underpinned by an evidence base informed by public health intelligence, Joint Strategic Needs Assessments, CCG and council data, and business plans of both CCGs and council departments.
- 5.2 The four headline priorities of the strategy are:
- Improving outcomes for children and young people;
 - Reducing the risk factors for, and improving the management of, long term conditions, with a spotlight on dementia;
 - Improving mental health through prevention and self-management; and
 - Creating and leading a sustainable and effective local health and care system.
- 5.3 The principles of prevention, early intervention and taking a whole-systems approach to tackling challenges and embracing opportunities to support health and wellbeing in Westminster is mainstreamed throughout the strategy. We heard consistent support for these principles throughout the consultation.

6 Engagement

- 6.1 The Cabinet Member for Adults and Public Health and the Chairman of Central London CCG, Chair and Vice Chair of the Westminster Health and Wellbeing Board, jointly led an extensive engagement programme which included events with businesses, health and care providers, patient and service user representatives, the voluntary and community sector, and members of the public. In parallel, an online consultation was run for 14 weeks, ending on 16 October 2016.
- 6.2 There was strong support for the direction and priorities of the strategy. Specific feedback focused on the role of the broader “determinants of health and wellbeing”, including infrastructure, planning, air quality and transport in the city. Other respondents supported the strategy’s promotion of nutrition and diet, and physical activity as well as developing and supporting services which are more holistic and tailored to the need of our communities.
- 6.3 The Health and Wellbeing Board will publish an annual report, setting out progress made in the preceding year and plans for the year ahead. The strategy is intended as a living document. On publication, it will not be set in stone. Engagement will be ongoing during the lifetime of this strategy.

7 Implementation

- 7.1 The Cabinet Member and Adults and Public Health is the Chair of the Health and Wellbeing Board will be responsible for overseeing the delivery of the Health and Wellbeing Strategy. A joint implementation plan setting out the focus of each priority, timelines and performance framework will be developed and presented at the Health and Wellbeing Board meeting on 2 February 2017.
- 7.2 Currently, an implementation plan is being developed which is based on:
- Programmes of work that are currently being undertaken to support the strategy’s priorities across the council, NHS and partners;
 - Programmes of work planned over the next year and/or beyond which will support the strategy’s priorities across the council, NHS and stakeholders;
 - Where activities are planned at NWL STP level, the strategy’s implementation plan will devise local actions to inform those activities.

8 Performance framework

- 8.1 Officers from the Council and CCGs are working together to develop a framework with Key Performance Indicators (KPIs). These KPIs are likely to be a mixture of hard data (e.g. monitoring A&E presentations) and perceptions (e.g. to what extent do people feel that they receive adequate information to manage their wellbeing or where to go in times of crisis). These perceptions could be measured by an annual survey commissioned by the Health and Wellbeing Board.

9 Governance

- 9.1 The Health and Wellbeing Board has driven the agenda for the Health and Wellbeing Strategy, with members taking part in workshops to shape early thinking of the document and regularly commenting on the strategy as it developed throughout the year. The Board approved the strategy in November 2016.
- 9.2 The Adults, Health and Public Protection Scrutiny Committee has also received regular updates on the strategy. The Committee endorsed the strategy in November 2016.
- 9.3 Central London CCG and West London CCG Governing Bodies also approved the strategy in November 2016.

10 Legal Implications

- 10.1 The duty in respect of Joint Health and Wellbeing Strategies is set out in s116A of the amended Local Government and Public Involvement in Health Act 2007.
- 10.2 Legal Services have confirmed the Joint Health and Wellbeing Strategy and the STP as being a lawful process that discharges the council's public and stakeholder's engagement responsibility to consult.

11 Financial Implications

- 11.1 There are no particular financial implications arising from this report.

If you have any queries about this report or wish to inspect any of the background papers please contact:

Meenara Islam: mislam@westminster.gov.uk
Phone: x8532

APPENDIX ONE

Health and Wellbeing Strategy for Westminster

Health and
Wellbeing Strategy
for Westminster
2017-2022

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Foreword

We are proud to share with you our Health and Wellbeing Strategy for Westminster. This is a strategy for everybody who lives, works and visits Westminster. It sets out how our residents, public services, businesses, voluntary and community groups will all play their part in creating a city in which everyone has access to the best opportunities to be healthy and well.

Westminster's health and care system faces significant challenges but we can be confident in the energy, talent and support of the city's people, public services and communities to tackle these head on. The Westminster Health and Wellbeing Board is determined to provide the leadership to harness this and drive real improvements to people's lives. We will improve outcomes for children and young people. We will reduce the risk factors for, and improve the management of, long term conditions. We will improve mental health through prevention and self-management.

The strategy is underpinned by a delivery plan at both a city and a sub-regional level (in collaboration with the North West London Alliance of local authorities and clinical commissioning groups) which commits us all to delivering our shared priorities by working together across the health and care system and council services and with people and voluntary and community groups.

We are thankful to all those who attended our consultation events, submitted consultation responses and fed back directly to us. This strategy is the result of genuine collaboration across the city and we pledge to continue to listen to your views. This is a living document and it will continue to evolve over the next five years to adapt to the changing needs of the city. We will review the strategy every year and we will involve you in this process.

Our city is the vibrant and diverse heart of London and its continued success depends on the wellbeing of its people. This strategy invites us all to play a role in achieving our shared goals of delivering genuine improvements to people's lives and contributing to a city that we can all be proud of.

Executive Summary

This strategy represents the commitment of health and care organisations, voluntary and community groups, businesses and people to fulfil our shared vision for our city in which ***all people in Westminster are enabled to be well, stay well and live well, supported by a collaborative and cohesive health and care system.***

We will work together to prevent mental and physical ill health by intervening as early as possible and tackling the wider challenges around employment, housing, education, community resilience, safety and the environment. However, people who suffer short or long term health conditions or live with disabilities requiring support will receive high quality, co-ordinated and timely treatment and care that is centred on their needs and preferences so they can live healthier and independent lives.

Westminster experiences unique challenges due its central location and being a hub for businesses, culture, tourism, transport and higher education. We also have an ageing population, a high prevalence of childhood obesity and some long term conditions, such as dementia. However, we are fortunate to have diverse communities with a wealth of experience and talent, and unrivalled assets including our vibrant voluntary and community sector, our cultural heritage and our location in a world-class city to help us tackle our unique challenges.

Over the next five years, **we will focus on the following four priorities:**

1. Improving outcomes for children and young people

We will work together to ensure children and young people have the best start in life from point of conception and are supported throughout childhood. We will do this by working with individuals, their carers and families to support them to live healthy and active lives. We will ensure that opportunities for physical activity and volunteering are available and communicated to children and young people and enable front line workers to provide advice (where appropriate) and effectively signpost them to local services.

2. Reducing the risk factors for, and improving the management of, long term conditions such as dementia

People will be supported and enabled to live healthy and independent lives by addressing the risk factors that can lead to developing or aggravating long term conditions. We will empower people by ensuring that they can access information, supporting them to manage their conditions, facilitating their access to employment opportunities, addressing wider environmental issues (such as housing, open spaces and transport) and ensuring the availability of optimal medical treatment. We will equip front line staff to effectively signpost people, and promote opportunities for improving mental and physical health and wellbeing. We will ensure that high quality care and support is provided to individuals and carers.

3. Improving mental health through prevention and self-management

We will empower people to look after their mental health by ensuring they are able to access information, care and support to maintain their wellbeing. We will work together with people, their families and carers, communities and front line workers to spot early signs of illness and prevent crises. The continuing stigma associated with mental health will be tackled and we will ensure that when people seek help both their mental and physical health needs are addressed.

4. Creating and leading a sustainable and effective local health and care system for Westminster.

We will work together to provide strong local leadership to effectively deliver this strategy. Between the many organisations, health and care professionals and people in Westminster, we will collaborate to achieve our shared vision for a healthy and well city. This will involve equipping our workforce with the skills to provide the care our population needs, making sure that our buildings are modernised and accessible to all, and improving our sharing of patient information and data so that we can provide more personalised care for people.

This strategy focuses on the most complex and critical needs identified by, and for, our communities, where we can all take action quickly and effectively over the next five years to transform the wellbeing and quality of life of people who live in, work in and visit Westminster. We welcome your input and active participation in the delivery of these aims.

Health and wellbeing is everyone's business, working in partnership with you.

Introduction

Our local health and care system is delivered by Westminster City Council, Central and West London Clinical Commissioning Groups, health and care providers, the voluntary and community sector, communities and individuals. It is a system with many different functions but one purpose: to support and enable us all to live well, be well and stay well.

Our local health system is facing some of the greatest challenges it has ever faced. Complex pressures include a growing population (a small but increasing proportion of which is older, frail and living alone), rising numbers of people with long term conditions and changing expectations of the public about how and when they access care and support. Looking to the future, we know that these trends will only continue. Doing nothing is not an option.

This strategy represents a commitment to prioritising prevention and early intervention. It will influence the commissioning and delivery of services and the Health and Wellbeing Board will continue to advise, inform and challenge decisions made about health and care in the city.

When anyone in our communities experiences mental or physical ill health, or is living with a physical or learning disability, and requires support, partners will come together to deliver high quality care in a setting that is appropriate and convenient for patients and service users.

The NHS Five Year Forward View strategy signalled a shift in attitude towards supporting prevention in health and care, and called for partners to work together and experiment with new models of care. The devolution agreement for London encourages us to prepare for potentially greater flexibilities, powers and responsibilities in the future.

The North West London Sustainability and Transformation Plan (STP) will bring the NHS Five Year Forward View to life and set out the vision for health and care of Clinical Commissioning Groups and local authorities including Westminster. It will help us to implement an integrated system that focuses on early prevention. This strategy will be our local plan setting out how we will meet our commitments in the North West London STP, while delivering local priorities for the population of Westminster. The strategy will be underpinned by a detailed implementation plan and regular monitoring by the Health and Wellbeing Board.

Organisations alone can only do so much. Our most significant and most valuable asset to achieve the mission of this strategy is not buildings or budgets – it is the coming together of talented, knowledgeable and passionate people, health and care staff and local community

groups. Working with local people, community groups and professionals to design local services is crucial to achieving the aims of the strategy and ensuring they are meeting local needs.

It is important that everyone who comes into contact with our health and care system is treated with dignity and respect, particularly our vulnerable populations. For our large homeless and rough sleeping population, providing services that addresses their needs and proactively engages and empowers them to make choices to enable them to be healthy and well is important. We will do all we can to ensure everyone in Westminster has fair access to health and care services to support and improve their health and wellbeing.

This strategy focuses on four targeted priorities which are based on local requirements and what we have heard from partners, local groups, communities and people. They are:

1. Improving outcomes for children and young people
2. Reducing the risk factors for, and improving the management of, long term conditions such as dementia
3. Improving mental health through prevention and self management
4. Creating and leading a sustainable and effective local health and care system for Westminster.

We will deliver our priorities by addressing quality of life, people's experiences of services and the financial sustainability of our health and care system. Outcomes for each priority set out our aspirations for the health and wellbeing of people in Westminster. We will develop a detailed implementation plan that will identify how we will put our commitments into action. The delivery of the plan will be overseen by the Health and Wellbeing Board as the leader of the city's health and care system bringing together the council, the two Clinical Commissioning Groups, voluntary and community groups and Healthwatch.

Our four priorities will be the focus for the Westminster Health and Wellbeing Board for the next five years. However, this does not mean that other issues and challenges are not important or will not be addressed during this time. The strategy puts a spotlight on the most complex and critical needs identified in Westminster where the Health and Wellbeing Board can take action rapidly and effectively.

The Health and Wellbeing Board, on behalf of everyone living in, working in and visiting Westminster, will implement and monitor the commitments in this strategy and the North West London STP. The Board will review and report to the public on progress annually.

Health and wellbeing is everyone's business, working in partnership with you.

Our communities

Westminster is a global city at the heart of the nation's capital and home to a highly diverse resident population of 242,299 people¹. We have the highest level of international migration of any place in England. Just over half of our resident population was born outside of the UK. The population during the daytime is approximately one million people which is the highest daytime population of any London borough². There are also tens of thousands of people who live in the city for short periods or on a part time basis. The Westminster population is more changeable than any other area³.

Our resident population features a high proportion of younger people, with 49% aged between 18 and 44 years old⁴. Black, Asian, Arab and other minority ethnic groups comprise 30% of our population and there are estimated to be over 10,000 lesbian, gay, bisexual or transgender (LGBT) people in the city⁵. Almost half of households are single person households, the third highest proportion in London. We have the fourth highest proportion of households in the country that are occupied by lone pensioners with 40% of people aged over 65 living alone⁶. We also have the highest level of rough sleepers of anywhere in the country with over 2,570 people being identified as sleeping rough in 2014/15⁷.

Looking at likely demographic, economic and social trends over the next 15 years, we estimate that the following changes will affect how people live and work in Westminster and in turn their health and wellbeing needs:

- there will be a 16% increase in the number of people aged over 85 years⁸ living in Westminster. While a large proportion of this group will age in good health, there will be a significant rise in the number of older people living with long term conditions that will cause both minor and severe impacts on their mobility, health and care needs, and wider role in their communities. Over the next five years alone, we expect the annual cost of care for all older people living in the city (approximately 2,400 people) with severe physical disabilities and long term conditions such as dementia to grow by £10.4m to £102m. This is equal to the projected cost of treating all healthy adults aged 18-64 (approximately 137,500 people).⁹
- There will be a smaller proportion of children and young people living in Westminster by 2036. The proportion of people under 16 years old is expected to decline from 16% to 14%¹⁰.
- If nothing changes, more young people will be growing up with long term health conditions, particularly obesity and mental health related conditions, that will likely follow them into adulthood. This could have a significant impact on their ability to make the most of the opportunities of a changing social, economic and technological landscape¹¹.

- The city will be busier than ever with more commuters coming to work in Westminster every day, putting tremendous pressure on transport and public spaces¹². While these people will be less likely to drive and will make more use of walking, cycling and private hire vehicles, we do not expect a reduction in the number of vehicles on the roads. This is due to factors such as increasing use of private hire and ride sharing transport, and increasing need for movement of goods driven by public expectation of rapid ‘just in time’ delivery of goods¹³.

Westminster has much to celebrate and be proud of. However, we have challenges that we must tackle in partnership with everyone in the city. We want to support everyone to live healthy and fulfilled lives as active participants in their families, communities and workplaces. This involves tackling a range of issues that can be barriers to finding and maintaining long term work or volunteering opportunities. Evidence shows that good quality work or an equivalent meaningful occupation can alleviate some of the physical and mental symptoms of ill health¹⁴.

In Westminster we are proud of our range of libraries, leisure centres, community centres, attractive open and green spaces, visitor friendly cycling and walking routes and world class heritage sites. These community assets can help people to remain well, healthy and engaged in their communities. We will work to ensure that everyone knows about them, and can access and enjoy them throughout their time in Westminster as a resident, worker or visitor.

We will do all we can to ensure that the built environment enables people to make choices that support their health and wellbeing. This includes aiming to ensure that housing is appropriate for different needs and life stages. We will work with schools and other educational establishments to support children and young people and families to be well and stay well through educating and enabling them to make healthy choices and ensuring they are able to undertake regular physical activity.

Through Westminster’s Greener City Action Plan¹⁵, we will tackle poor air quality and develop a sustainable transport system which delivers health and wellbeing benefits, reducing pollution while keeping the city moving. We will do this, in part, through promoting walking and cycling as alternative modes of transport and making the public realm safer and accessible for all.

The socioeconomic and environmental factors that can affect health and wellbeing cannot be tackled alone through public sector interventions. It requires businesses and communities to play their part to, for example, improve air quality and support and look out for those who are vulnerable in our communities so that the neighbourhoods we live in are clean, accessible, welcoming and supportive.

Unique Health Challenges

The vitality of Westminster is part of its appeal, but this can sometimes be a challenging landscape in which to help people to be well and stay well.

The life expectancy of Westminster's population varies significantly depending on where people live. Men living in the least deprived areas live nearly 17 years longer than men living in the most deprived areas. For women this gap is nearly 10 years. Additionally, the most deprived 20% of the population are likely to begin experiencing long term disability 10 years earlier than the least deprived. This is because health is not just related to the services people can access but also to the wider factors which can influence a person's health and wellbeing, including housing, education, employment and the environment.

We have unique challenges as a result of being at the centre of a national and global economic hub. Westminster falls within the highest 20% of areas nationally for road traffic accidents, and parts of the city are among the worst performers in air quality tests in Europe¹⁶.

Our large business and visitor populations are significant parts of the local, regional and national economy. However, these groups also put pressure on services and the environment. Services are often funded on the basis of resident population numbers and so do not reflect the realities of Westminster where the population increases each day from 250,000 residents to over a million people.

Westminster has a high level of population churn as people enter and leave the city rapidly. Every year over 20,000 people leave and approximately the same number of new people move in¹⁷. This high level of population turnover can make it more difficult for people to find and access services and for services to deliver the best outcomes.

Demand for housing is high¹⁸. The majority of people live in rented accommodation (both private and social housing)¹⁹. People living in rented accommodation can be more exposed to changes in housing costs and the potential to experience deprivation and poverty than people who own their own homes.

Westminster has the highest recorded population of rough sleepers of any local authority in the country. This population has higher rates of physical and mental health problems compared to the general population²⁰, and are at higher risk of complicating alcohol and or drug dependency²¹. Rough sleepers attend accident and emergency approximately seven times more often than the general population, and are also subject to emergency admission and prolonged hospital stays more often²². However, Westminster also has a wealth of

knowledge and expertise in supporting and treating homeless people and rough sleepers. We aim to build on this expertise and deliver better health and wellbeing outcomes for those individuals and groups who are not in, or do not have, access to stable and appropriate accommodation.

Children and young people in Westminster live, grow and learn in an international hub of culture, heritage and opportunity. However, to focus on the opportunities alone would be to ignore the real challenges that will face children and young people as they grow and transition into adulthood. We will support them to have healthy relationships with their families, peers and communities and make positive decisions about their lives and be confident to seek help when they need it.

Westminster is fortunate to have a large older population. Retaining their life experience and knowledge adds immense value to our communities. People over 65 are often economically, culturally and socially engaged, and often make up a largely unrecognised workforce through volunteering, caring and civic support. Working with older people, the voluntary and community sector, carers and professionals, we want to empower everyone over 65 (particularly those at risk of isolation) to maintain their independence and their health and wellbeing. We will do this through encouraging and supporting a healthy lifestyle and helping more people to manage their conditions.

Our Vision and Goals

Overall vision: all people in Westminster are enabled to be well, stay well and live well, supported by a collaborative and cohesive health and care system.

Mission: to focus on prevention and early intervention. When people experience mental or physical ill health we will come together to ensure timely, high quality, person-centered care which is delivered with dignity and respect at all stages, including at the end of life.

Building on the principles set out in the Marmot Review (2010) and the long term goals set in our Healthier City, Healthier Lives (2013) for 2013-2028, we will be focusing on the following four priorities over the next five years:

Strategic Priorities 2017-2022	Improving outcomes for children and young people. Reducing the risk factors for, and improving the management of, long term conditions such as dementia Improving mental health through prevention and self management Creating and leading a sustainable and effective local health and care system for Westminster.			
Long Term Goals (2013-2028)	Improving the environment in which children and young people live, learn, work and play.	Helping more people to live healthily for longer and fewer die prematurely.	To help create a safe, supportive and sustainable city in which all are empowered to play as full a role as possible.	People living with injury, disability, long term conditions, and their carers have a good quality of life and remain independent for longer

These priorities will steer and challenge the way we deliver local health care to address and deliver better outcomes for our population. Instead of focusing on how to cure ill health and poor wellbeing, we are taking a strategic approach to move our collective energy and assets to focus on prevention, early intervention and keeping people healthy.

For each priority we will aim to deliver improvements in:

- Quality of life
- Quality of care
- Financial sustainability for health care
- Professional experience
- Operational performance and collaboration of services.

Our Commitments

We have framed the outcomes from an individual perspective so people can see our aspirations for their health and wellbeing. The following overarching outcomes and expectations are common for all themes:

- I have access to appropriate and timely information required to make the right decisions and choices for my health and wellbeing
- I am aware of the services, spaces and facilities available and accessible to me, my carer and my family to maintain or improve health and wellbeing
- There is no wrong door for when I need care and support
- When I am experiencing mental or physical ill health, the services and support I receive are high quality, joined up and delivered in an appropriate setting
- All my needs are viewed holistically, including both mental and physical health
- I can access care and support that is tailored according to my needs and preferences, including in the community and crisis support²³
- I am treated with sensitivity, dignity and respect.

PRIORITY 1 – Improving outcomes for children and young people

PRIORITY VISION: All children and young people live healthy active lives and are supported into healthy active adults who contribute to society and share their positive learning and experiences with their families, friends and neighborhoods.

The importance of focusing on children and young people

Children in Westminster are on average more likely to be overweight, have poor dental health, and experience poor mental health than their peers in the rest of London and the country²⁴. This means that they are more likely to transition to, and continue through, adulthood in poor health, and they will be less able to take advantage of the economic and social opportunities of living and learning in the city.

Our approach

This strategy will seek to address the holistic mental and physical health and wellbeing of all children and young people. We want the services they interact with to support and treat them and their families as capable of making decisions about their lives, health and care.

We will work with and support children and young people and their families, to ensure that they have a safe and healthy childhood from conception to adulthood. We want to ensure that every child and young person, including those who are living with long term physical or mental health conditions and those with learning or physical disabilities, is equipped with the skills and connections needed to remain healthy, well and active.

Working with families from the stage of conception is crucial. We want to work with families right from the start to establish and develop healthy foundations for children and young people. This includes maternity advice and support, and early help family services which engage with and enable parents to improve and maintain their wellbeing and form positive relationships with their children. We will also continue to raise awareness of universal and preventative services from which children, young people, and their families can benefit.

Evidence in Westminster shows that child poverty, which is a large determinant of the health and wellbeing of children and young people, is directly related to the ability of parents to enter and maintain employment²⁵. Working with families to improve outcomes for children and young people, we will support parents to access training and work opportunities that enable them to reenter and maintain flexible employment that supports their parenting.

We will build on the North West London Like Minded Strategy²⁶ and the improvements of the Children and Family Act 2014 for children and young people with special educational needs (SEN) and disabilities. They both recognise the role of wider determinants in the mental and physical health and wellbeing of children and young people. We value the role of schools and communities in supporting prevention and early intervention in mental health for children and young people. We will also work with schools and families to ensure that the professionals who children and young people interact with are equipped with the knowledge and information to refer them to the right support at the right time. There is a continued need for local collaboration and joint working to address the wider determinants of health for children and young people, and families, such as housing and education including supporting students with Special Educational Needs (SEN).

We want to prevent children and young people from becoming ill wherever possible. However, if they do experience poor or declining mental and physical health or require support with their disabilities we want them and their families to access appropriate and reliable information, advice and expert care in ways that are convenient and tailored to them. Children and young people will have a diverse range of experiences and attitudes to accessing information and support and care, and we will work with them to develop new or improve existing channels of information.

How we want to improve the outcomes for children and young people

We know that being active is important for the physical and mental health of children and young people, and their families²⁷. There are links between increased physical activity and reductions in depression and anxiety for some children and young people. Regular physical activity is also important for self-esteem and has been shown to improve academic performance²⁸. Studies show a strong link between poor mental health and sedentary behaviour²⁹.

We will ensure that the range of physical activity opportunities that can be enjoyed either in or out of schools are communicated to children, young people, their families and schools. We will also address barriers (real or perceived) that some children, young people and their families might face to accessing physical activities including cost, transport, availability of supportive play spaces such as streets, parks, open and green spaces and other community facilities. We want to encourage children and young people to engage in physical activity every day by enabling them to feel that they can find a type of physical activity they enjoy.

We will continue to encourage and enable children and young people, and families to use our range of community assets and nationally renowned cultural institutions to maximise their physical and mental health and wellbeing. These include our museums, libraries, leisure centres and facilities based in estates where they can gain some free access to activities.

Our commitments:

To ensure that all children and young people are given the best start in life and supported to grow into healthy and well adults we commit to:

- ensuring that the emotional wellbeing and mental health of children and young people is supported by accessible and joined up local services;
- promoting activities and opportunities for physical activity, sporting and cultural experiences for children and young people and their families to enjoy;
- engaging with prospective, new and current families to provide information and signposting, and identify early opportunities to provide targeted support where needed;
- ensuring front line workers (e.g. health visitors, GPs, housing and children’s services staff) are working together to support families to access advice, employment, education and training opportunities;
- promoting opportunities for families to support each other and learn about their children’s health and wellbeing;
- empowering children and young people to monitor and find sources of support to improve and maintain their own health and wellbeing;
- supporting, encouraging and rewarding children and young people who volunteer and engage in civic activities through Spice Time Credit Schemes and other programmes; and
- involving children and young people in the co-design of mental and physical health services to ensure they are relevant, convenient, acceptable and accessible for them.

Outcome Domain	Population	Outcome
Quality of life	Children and young people	I have a healthy diet and am physically active, and at a healthy weight for me and have a safe and healthy place to live.
		At school I learn a variety of skills which integrate my social, emotional and educational development.
		I can access green and open spaces, am aware of the physical and social activities available and I am given opportunities to engage in them regularly.
		I understand how to provide support to my peers for their emotional and physical health and know where to direct them for further support.
		I am able to sustain a good level of mental health through self management by accessing appropriate and timely information and support at school, in the community and at home if needed.

Quality of experience		My general health and wellbeing needs are recognised and supported and I am referred on to specialist services where needed.
		I have, and am made aware of, opportunities to be involved in the design, delivery, and/or review of services, spaces and places which I use or would like to use.
		I feel respected, valued, and supported by family/carers, and health and care professionals.
Quality of life	Working age adults (parents/guardians)	As a prospective parent I have access to information and support (including from health visitors and midwives) develop and maintain a healthy lifestyle during my pregnancy and to help me to prepare for parenthood.
		I feel able to access community services and resources to support myself and my children, including opportunities to enjoy local libraries, community centres and outdoors in local parks and open spaces.
		I am supported to provide a safe, healthy and stable home for my family.
		As a parent I am supported to maintain my own health and wellbeing, and understand how to model healthy behaviours for my children.
		I am supported to access employment opportunities and training, and flexible, accessible and affordable childcare.
Quality of experience		As a carer for a child with mental or physical health needs, or a disability requiring support, I am supported to understand their needs. My needs as a carer are also assessed and addressed.
		As an educator, I am trained to recognise, support and refer mental and physical health issues of children and young people in my care.

PRIORITY 2 – Reducing the risk factors for, and improving the management of, long term conditions, such as dementia

PRIORITY VISION: People remain healthy, well and independent for as long as possible. The likelihood of developing long term conditions is reduced, through the management of risk factors such as poor diet and insufficient physical activity. People, carers, families, communities and professionals work together to ensure people living with long term conditions (and their families and carers) receive high quality and timely health and care, and other public services to improve their quality of life. When nearing the end of life, people, their families and carers are supported to plan for care which is dignified and honours their personal preferences.

The importance of tackling long term conditions

Long term conditions (both mental and physical) are expected to become more prevalent and their cost to the health system is expected to increase, particularly for adults over 65. Nationally, people with long term conditions account for approximately 50% of all GP appointments, 64% of all outpatient appointments and 70% of all inpatient beds³⁰. Treatment for people with long term conditions is expected to cost £7 in every £10 of health and care spend³¹.

People over 65 with long term conditions are more likely to experience additional multiple, complex and long term conditions which will significantly impact on quality of life, and restrict economic and social participation. Long term conditions (such as dementia, diabetes and cardiovascular diseases) are often linked to the quality and appropriateness of housing, social isolation, lifestyle (including behaviours such as alcohol or substance misuse), diet and physical activity, either as a risk or aggravating factors for long term conditions.

Our approach

Our approach is three fold. We will aim to:

1. reduce the risk factors associated with long term conditions;
2. reduce the risks of developing complications from long term conditions; and
3. improve care and support, and ultimately, outcomes for people with long term conditions.

We want to, where possible, prevent long term conditions for all ages by intervening early

to reduce risk factors through awareness raising, facilitating and encouraging behaviour change and providing proactive support where possible. We will also work with people to support attendance at medical appointments, prescriptions and maximise the take up of preventative services, such as Health Checks and Health Trainers, to make the best use of resources.

Some long term conditions themselves can often lead to the development of further long term and complex conditions, for example people with diabetes often develop high blood pressure as a result. Evidence tells us that those who experience mental health conditions and those living in areas of deprivation are more likely to suffer multiple, long term and complex conditions. This affirms our belief that we need to do more to reduce the lifestyle risk factors that can also aggravate long term conditions. Participating in and maintaining appropriate levels of physical activity and a balanced diet are significant parts of preventing and mitigating long term conditions. We will work with communities and partners to maintain and promote physical activity opportunities for all adults in Westminster – whether they live in, work in or visit the city. In parallel, we will work with partners to seek to continue to improve the infrastructure they are surrounded by (including transport, urban environment, housing) to create a supportive environment for good health and wellbeing.

Safe and secure housing supports people to lead healthy and fulfilled lives. Conversely, unstable, poor or inaccessible housing can have a detrimental effect on health and wellbeing and can lead to the development or aggravation of long term conditions. In partnership with others, we will continue to tackle poor living conditions in both social and private accommodation in Westminster.

Westminster has a high number of homeless households and the highest population of rough sleepers in the country, many of which include people with complex and multiple mental and physical long term conditions³². Evidence shows that 42% of people who sleep rough in Westminster have one or more support needs, including alcohol and drug dependency, and mental health conditions³³. Rough sleeping is a unique challenge to Westminster's health and care system and one which we can best understand and address through collaboration with partners.

Actively contributing to communities can help make some people feel engaged and invested in the place where they live, work or learn. It can also help to prevent and alleviate short and long term mental and physical conditions, as well as build community pride and resilience. We will work to ensure that there are a range of employment, adult education and volunteering opportunities for people with long term conditions to engage in. We know that some people with long term conditions, mental or physical, and disabilities may experience barriers to engaging with their neighbourhoods and local communities or accessing local community facilities such as libraries due to mobility issues and low confidence. We will ensure that people who have such barriers are made aware of

the range of support to help with access available to them.

A spotlight on dementia

Dementia is an umbrella term used to describe symptoms resulting from diseases and conditions that affect the brain. There are many types of dementia but the most common include Alzheimer's disease and vascular dementia. Regardless of type, dementia can have significant effects on the lives of those who experience it, their carers, families, friends and communities. Dementia can reduce life expectancy for sufferers - someone diagnosed between ages 70-79 loses on average 5.5 years of life³⁴.

People with dementia are over three times more likely to die during their first admission to hospital for an acute medical condition³⁵. Westminster has a high rate of emergency and inpatient admissions for people with dementia, accounting for a quarter of acute hospital beds. People with dementia are likely to have significant physical and mental comorbidities, such as depression, congestive heart failure and Parkinson's disease. Four out of the five most common comorbidities for which dementia sufferers are admitted to hospital are preventable, such as broken/fractured hips and bladder and chest infections³⁶.

Westminster has a rapidly ageing population. The 2015 Joint Strategic Needs Assessment on Dementia³⁷ predicted that diagnoses of long term conditions associated with ageing, such as dementia and Alzheimer's, will see an increase of 56% between 2013 and 2033. As of 2015 we have a diagnosed population of 1,806 people. Over 2,600 people in the city will have dementia by 2030. This trend will continue beyond 2030 with over 760 new expected cases of dementia in the city each year³⁸.

There are a number of risk factors for vascular dementia. These are largely factors that result in poor cardiovascular health, such as unhealthy weight, low levels of physical activity and smoking. Improving overall physical health can have an impact on reducing the likelihood of developing vascular dementia and improving quality of life³⁹. A study linked improved healthy lifestyles to a 20% decrease in the predicted incidence of vascular dementia amongst men over 65⁴⁰.

Our commitments:

Where people are suffering from ill health, we will act early to tackle risk and aggravating factors and ensure that they receive the best care and support that is tailored to their needs. We will:

- support working age adults to develop and/or retain active lifestyles and mitigate those risk factors that contribute to the development of long term conditions;
- create the conditions for dementia friendly communities, where an understanding of dementia supports communities to value the contributions of people experiencing the condition and their carers;
- consider the experiences and needs of people with long term conditions and their carers by working with them when developing services;
- support community resilience by ensuring that a range of local services and community and voluntary organisations are available which acknowledge the diversity of experience and background of people with long term conditions and their carers;
- support and encourage retired people to volunteer and contribute their knowledge and expertise to Westminster through the Spice Time Credits scheme, which incentivises and rewards participants for community activity; and
- support the development of a workforce that is agile and responsive to patient and community needs. This will include an exploration of creating teams of health and care professionals who can work across specialisms and can signpost people to our community assets to as part of supporting people to improve their health and wellbeing.

Outcome Domain	Population	Outcome
Quality of life	Whole population	I feel that the wider community has an understanding of my long term condition and my experiences. I feel included in my local communities.
		I am empowered to live a healthy lifestyle and make healthy choices, including about my diet, physical activity levels and risk behaviours (such as smoking).
		I can access advice and support to remain independent and engaged in the community (e.g. dementia cafes and befriending services).
		I/my carer feel able to access community services and resources, including opportunities to enjoy local libraries, community centres, local parks and open spaces.
Quality of Experience	All age groups (people with long-term conditions and their carers)	I can access services which address my needs as an individual and have an awareness of how my lifestyle (including my housing situation) impacts my health and my access to services. My wider health needs, including accessing opportunities for physical activity, are addressed and supported.
		I have input in the development of my care plan in conjunction with my family and carers. My carers are supported to care for me and have their own needs recognised.
		I have a named point of contact who understands me and my condition(s). I feel that the health and care services and staff I engage with have been trained to understand my specific needs and listen to me.
		I believe that the professionals involved in my care talk to each other and work as a team.
		I am supported to remain independent and stay living in my own home.

PRIORITY 3: Improving mental health outcomes through prevention and self-management

PRIORITY VISION: People are able to maintain mental good health and wellbeing. Those with short or long term mental health conditions receive timely and effective support to manage and reduce the impact of their condition, and they are treated with dignity and respect.

The importance of tackling poor mental health

We all have the potential to experience poor mental health during our lifetime but stigma remains around discussing and seeking treatment for mental health conditions. Nearly half of all ill health for under 65s is related to mental illness and one in six people in the UK experienced a common mental health problem in the past week⁴¹. Poor mental health can affect our ability to maintain relationships, employment and housing as well as quality of life and life expectancy. Mental wellbeing can be impacted by a range of factors – genetics, deprivation, employment or family stress, social isolation and education.

There are some groups of people who are at a higher risk of experiencing poor mental health. People who sleep rough, are homeless or live in unsuitable homes are particularly affected. Those on or low incomes or living with deprivation are also more likely to experience severe mental health conditions and related poor physical health conditions⁴².

Our approach

Most people with common mental health conditions (such as anxiety and depression) have the capacity to manage their own health with timely access to information and support. Low level support such as talking therapies can help people to develop the skills to monitor and manage their mental health independently. We will improve access to information and signposting to support for common mental health issues, including community and peer support.

Improving the quality of life and life expectancy for people with severe and enduring mental health conditions requires us to treat and support them as whole individuals, which means looking at the wider issues that may affect them. This includes their housing, employment, relationships, diet, physical activity, and risk behaviours, such as smoking and alcohol consumption. People with severe mental health conditions often receive poorer acknowledgement and treatment of their physical health conditions. Similarly, people with long term physical conditions often receive poorer treatment of their mental health⁴³. We

must ensure that as a health and care system, we are joining up mental and physical health treatment and treating people as individuals.

People with severe mental health conditions often come into contact with multiple public services. For example staff in education, police and fire services, housing and probation often encounter people with severe mental health conditions in the course of their work. It is important that there is an awareness of mental health issues across public service commissioners, providers and staff to ensure that we can refer and support each other to provide the most effective interventions and support.

Compared to neighbouring areas, Westminster has more people receiving mental health social care services⁴⁴. However, there is evidence that support for Westminster carers of people with severe and enduring mental health conditions is lower than in neighbouring boroughs, with fewer carers receiving assessments⁴⁵. We will work to ensure that everyone is aware of their entitlements and the availability of services and facilities that are there to support them.

We are not only focused on delivering services, but also on ensuring that these services are effectively supporting and enabling everyone experiencing a mental health condition to lead an active and fulfilling lives. By looking at mental health within a wider context and recognising the complex interaction of factors such as relationships, housing, education, and lifestyle, we will improve health and wellbeing and reduce the stigma associated with poor mental health.

How we will improve mental health outcomes

The Westminster Health and Wellbeing Board has endorsed and supports the implementation of *Like Minded*⁴⁶, a sub-regional strategy spanning eight boroughs and their corresponding CCGs in North West London. The delivery of the *Like Minded* strategy depends on partnership working to deliver high quality and joined up mental health services to improve the quality of life for individuals, families and communities.

The Westminster Health and Wellbeing Board is not seeking to replicate the work on mental health that has been set out in *Like Minded*. The Board will instead focus on, and supplement, the ambitions embodied in *Like Minded* including:

“We will improve wellbeing and resilience and prevent mental health needs where possible by:

- *supporting people in the workplace*
- *giving children and young people the skills to cope with different situations*
- *reducing loneliness for older people.”*

The Board, in its local leadership role, will use its collective influence and energy to accelerate delivery of this ambition in Westminster through prioritising and embedding prevention, early intervention and a partnership approach to stop and reverse the negative trends of poor mental health.

Mental health and employment

Unemployment is a known cause for poor mental health in Westminster, and poor mental health can in itself be a barrier to employment and meaningful occupation (such as volunteering). Stress and mental health disorders are among the biggest causes of long term absence from work and are increasingly reasons for short term absence in employment⁴⁷. We will work to champion a range of opportunities, from volunteering to part time and full time work that are welcoming and supportive to people with mental health conditions. We will also work with employers to embed positive mental health messages and activities to alleviate work related stress and build coping techniques.

Loneliness and isolation

Positive social interactions are crucial to mental and physical health and wellbeing. Older adults tend to suffer more from long term and multiple conditions which can reduce mobility and limit social interaction. Sustained loneliness and lack of interaction with others can lead to poorer mental and physical health. We will work closer together with partners and communities to minimise loneliness and isolation.

Our commitments:

Working with individuals, communities, professionals and employers in Westminster we will improve mental health for Westminster people by:

- addressing the stigma associated with all types of mental health conditions;
- treating and caring for people as individuals and recognising the complex factors that impact mental health;
- recognising and addressing the wider determinants of mental health, including housing, employment, education and community interactions;
- ensuring that statutory and voluntary and community organisations continue to work closely together to identify early people who might require support;
- supporting people in the workplace and tackling barriers into work;
- working with communities to develop peer support, resilience and cohesion so that individuals, families and neighbours can support and look out for each other; and
- providing information through a range of mediums that is tailored for people of all ages and situations to access and use.

Popula tion	Outcome domain	Outcome
Children and young people	Quality of life	I am educated and supported to understand and maintain my mental health as a child and young person.
		My transition from care for children and young people to adult care is planned and supported with my involvement.
Working Age Adults	Quality of experience	I am supported to maintain and improve my mental health and wellbeing, and to understand how to access information and support when I need it.
		I am involved in the design, delivery, management or review of services that I use and I have a level of control over the support I receive.
		I feel that the services I use understand my specific needs as an individual, including my cultural background.
		I am treated and cared for as an individual and I feel that my unique challenges and skills are recognised and acknowledged in plans for my care.
	Quality of life	I am supported to engage in my wider community including through meaningful occupation (such as volunteering and/or employment).
		I am supported in my workplace to maintain my mental health and wellbeing or seek information and services when appropriate.
		I am comfortable with discussing my mental health with my employer.
		I am able to manage instances of mental distress.
		I am able to manage and improve my mental and physical health and wellbeing, and I take regular and appropriate physical activity.
		I/my carer feel able to access community services and resources, including opportunities to enjoy local libraries, community centres, local parks and open spaces.
Adults over 65 years / Adults	Quality of experience	I feel that my mental health needs are assessed separately from any preconceptions about conditions that may be associated with my age.

PRIORITY 4: Creating and leading a sustainable and effective local health and care system for Westminster

PRIORITY VISION: We will be an integrated and collaborative health and care system using our collective resources (such as data, technology, estates and workforce) to deliver person centred information and care in the right place at the right time.

Background

The health and care system has made significant improvements in patient care, experience and outcomes by joining up services and working together. But we could do more. People can often go to different places to receive care relating to single conditions, and medical records may not be transferred between health and care providers in a way that would support efficient and effective care. Patients are not able to direct budgets to support their personal choices for their treatment and care.

Westminster has a bold vision for health and care - we want to transform the wellbeing of people who live in, work in and visit Westminster and in parallel, support a clinically and financially sustainable model of health and care. This vision will require commitment from everyone in Westminster.

The Health and Wellbeing Board is already engaged in determining the way resources are directed and spent in health and care. The transformation of primary care, the bedrock of the current and future health and care system, is fundamentally important to achieving our aims.

To realise the Westminster vision we need to change the way we think about health and care locally and implement a shift in culture to move to a shared responsibility for health and wellbeing.

Leadership and Finance

The London Health and Care devolution agreement sets out a vision of local people and their representatives taking greater control over decisions on matters that affect them.

One of our first tasks will be to put in place the leadership and governance arrangements necessary to make these important and strategic decisions in a robust, transparent and equitable way. We need to be able to share executive decision making across our organisations and position the Health and Wellbeing Board to continue to have the central coordinating and stewardship role on behalf of local people and communities.

To encourage integrated care, payment incentives and business planning cycles need to be aligned. There is an urgent need for changing the nature of tariffs for health care to enable greater investment in prevention. Commissioners also need to increase the use of pooled budgets as a way of enabling closer health and care collaboration. Using quality based incentive payments for providers across pathways of care would incentivise best practice models and partnership working, while ensuring that providers are encouraged to make a contribution to the health and wellbeing of the whole population.

Our implementation priorities:

- Delivering the priorities of this strategy;
- Putting in place the governance and accountability arrangements which will help us to deliver our strategy, building on Westminster's strong history of joint working across health and care. A priority for us will be to involve local people as active contributors to the decision making process; and
- Viewing our budgets and services "as one" in the same way as we have begun to view our priorities as common challenges. We will do this by modelling our spend and priorities over the lifetime of this strategy, setting out how much we anticipate we will spend over this period and on what. We will then need to consider how best we can incentivise our whole system to deliver on this by learning from best practice elsewhere.

Workforce

The changing nature of needs and demands of our population means that we need to transform a workforce that has been trained to work on individual instances of ill health into one that is trained and equipped to work in integrated and multi disciplinary teams in community settings to prevent and intervene before ill health occurs.

We need to invest in multi skilled training of nurses and associated health professionals to deliver person centred care in the community. There is a large and growing mismatch between the demand and expectations of care and the supply of health and care workers who will be able to deliver this, including a large undersupply of GPs.

We also need to review social and economic trends that might affect our workforce in the future, including the cost of living in central London. Improved connections into the city as a result of infrastructure projects, such as Crossrail, may mean more of our workforce will be commute into Westminster. We need to work together to create the conditions that will ensure that Westminster remains an attractive and viable affordable place for health and care workers to live and work in.

Our early implementation priorities:

- Mapping our current workforce to understand gaps in our workforce now and in the future, as well as the skills required to meet changing needs. We have begun to map our demand in the future as part of the Primary Care Modelling project undertaken by the Health and Wellbeing Board and we will use this tool alongside long term scenario planning (including looking at the potential impact of technology) to understand a range of potential future issues and develop solutions.
- Considering how to capitalise on new technologies and ways of working. Technology has the ability to place more power in the hands of patients to self manage their own conditions outside of hospital settings and telecare (remote consultations through mediums such as live interactions via computers and tablets) will enable greater remote monitoring of patients by specialists. Working with partners to redesign the training and development system to facilitate career progress and development of skills and qualifications in work. Working with Royal Colleges, Health Education England and other teaching institutions to refocus local health and care worker training programmes towards the workforce characteristics and practices needed for the future. This is likely to include more specialist skills in primary and community care, more generalist skills in hospital care and more collaboration across hospital and community and mental health and physical health workers. We need to change the training curriculum to develop the skills to care for people with multiple conditions that span physical and mental health.
- Providing the right reward structures and contract flexibility to incentivise the creation and retention of the right workforce, including in pressure areas such as caring and nursing staff. Greater flexibility that allows staff to work at a city wide and North West London level must be addressed to incentivise the supply of staff where demand is greatest.
- Recognising, supporting and harnessing the power of the informal workforce by creating a 'social movement' to support those in need, including a more strategic approach to the support and development of volunteers.
- Looking after the mental and physical health and wellbeing of our workforce. The health and wellbeing of our workforce is just as important as that of the people for whom they deliver services. We will support and deliver programmes such as the Workplace Charter to support employers to improve the health and wellbeing of their staff.

Estates

People have changing needs and demands for how they want to access health and care services and our estates need to support people to access services in the community when they need to. We also need to address that the rising cost of space in Westminster which means that models of care built around individual locations for specific services are

unsustainable. Partners in Westminster need to work together to share space and develop the estate required to respond to the changing needs and demands of our population.

Our implementation priorities:

- Increasing the value of our estate in Westminster - better strategic management of our estate could realise multiple benefits including reducing and sharing fixed running costs, releasing land for housing for our workforce and reinvesting proceeds back into the local health and care system.
- Developing the estate required to facilitate new models of care and support - a new approach is needed that looks across the whole system and brings services together to improve access and experience for people and opportunities for provider innovation and collaboration. This includes, for example, multi-functional hubs that can provide a range of services in a community setting. A more flexible approach involving colocation of NHS and social care staff would make services more accessible and could release savings to be reinvested in patient care, staff and technology.

Technology and Information

Investing in information technology and data analytics will be crucial to enabling a successfully integrated health and social care system in Westminster that provides everyone with a good experience of care. Ensuring that we work with people and partners to secure appropriate consent of people to use their data will be integral. We must work together to facilitate and enable information exchange between organisations in a way that respects people's preferences for how we handle their information. Not doing so could hinder inter-organisational collaboration and innovation.

Our implementation priorities:

- All partners across Westminster must agree to share and pool information in a way that links data at an individual level and organise it into a format which enables better analysis, collaboration and decision making by all organisations. Sharing data also includes sharing with patients and carers to enable them to become more digitally empowered and support their self management.
- We must continue to use data and evidence to inform our service delivery decisions. This includes identifying residents and communities at risk of poor health so that we can plan effective and targeted interventions.
- Supporting the role of technology in enabling people to manage their own care. The extent to which a person has the skills, knowledge and confidence to manage their own health and care ("patient activation") is a strong predictor of better health outcomes, reduced healthcare costs and satisfaction with services.

As little as a 5% increase in self care could reduce the demand for professional care by 25%⁴⁸.

Glossary

Early intervention – intervening as soon as possible to prevent health conditions becoming worse.

Enabling – putting people in charge so they can improve their own health.

Integration – bringing services together so that they are based around the needs of people.

Life skills – the abilities needed to cope with the challenges of everyday life.

Lifestyle – a person’s interests, opinions and behaviours in relation to their health.

Long term conditions – a condition that cannot be cured but can be controlled by medication and other treatments.

No wrong door approach – people get the help they need no matter what organisation they get in contact with first.

Outcome – improvements to the health and wellbeing of a person/people.

Person centred – care based on the needs of the person.

Populations – everyone who lives, works in or visits Westminster.

Prevention – preventing ill health or slowing existing health conditions becoming worse.

Primary care – the first point of contact when you are unwell. In Westminster this is usually a GP.

Quality of life – a person’s assessment of how good their life is.

Risk behaviour – types of behaviour that we know cause disease or ill health such as smoking.

Risk factor – the ways we behave or the places where we live, visit or work that are known to cause disease or ill health. This might include being an unhealthy weight or living in an area with bad air pollution.

Secondary care – services provided by medical specialists that you are usually referred to by your GP. These services are usually based in a hospital or a clinic.

Self management – people doing things for themselves to either stop themselves becoming ill or managing existing conditions.

Upstream – intervening as soon as possible to prevent health conditions becoming worse.

Whole system – the council, health organisations and voluntary and community sectors working together in Westminster to provide care and help people stay well.

Wider determinants – the ways we behave or the places where we live, visit or work that are known to affect our health.

List of Underpinning Strategies and Plans

Strategy	Link
Greener City Action Plan	www.westminster.gov.uk/greener-city-action-plan-0
Housing Strategy	www.westminster.gov.uk/housing-strategies
Reducing the Harm of Shisha Strategy	www.westminster.gov.uk/reducing-harm-shisha
City Plan	www.westminster.gov.uk/westminsters-city-plan-strategic-policies
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City of Westminster

Cabinet Report

Meeting or Decision Maker:	Cabinet
Date:	12 th December 2016
Classification:	General Release
Title:	Housing Investment Strategy and Housing Revenue Account Business Plan 2017/18
Wards Affected:	All
City for All:	This report addresses the investment in the Council's current housing stock and the investment in new housing and non-residential buildings and public realm in regeneration areas and as such has a major impact upon all three aspects of Choice, Heritage and Aspiration in the City for All policy.
Key Decision:	This is a Key Decision and has been included for 28 days on the list of forthcoming decisions
Financial Summary:	<p>This report presents the latest 30-year Housing Revenue Account (HRA) Business Plan and investment plans for housing related activity. Indicative detailed HRA capital investment budgets and proposed funding are presented for approval for the five years 2017/18 to 2021/22. The Business Plan demonstrates that the investment proposals are fundable, subject to the assumptions within the plan, and that the HRA remains a sustainable and viable entity over the thirty year period.</p> <p>Gross HRA capital expenditure of £700m over the next five years is required to deliver the plans within this investment strategy, including: £211m on works to existing stock; £394m on housing estate regeneration; and £96m on new investment opportunities. This is to be funded from £210m of HRA revenue resources, £381m from RTB & Other capital receipts, £58m from the Affordable Housing Fund and £52m of new borrowing. Once these funds are committed they will utilise all of the foreseeable headroom and financial capacity within the HRA.</p>

Within the first 10 years of the business plan period HRA resources are fully committed to the delivery of new housing supply described in this report and major works to the existing stock and there is no headroom for further schemes. The Strategic Housing Options study, currently underway, is therefore investigating other ways to increase supply.

As the HRA is legally not allowed to run a deficit this means that if there is an overspend on the capital programme or elsewhere, or if capital receipts are reduced or delayed, that the options available to contain these pressures will necessitate either reducing, reprofiling or stopping spend on the capital programme, realising funds through the disposal of HRA assets, or applying more funding from the Affordable Housing Fund. The delivery strategy for three of the renewal and investment opportunities has been changed from a developer framework approach to one where a contractor is appointed to design and build the project and a sales agent to dispose of private units on the open market. This change alters the cashflow, resulting in a requirement to fund the construction costs and receive capital receipts at the end of the construction period. This option has emerged through the business case appraisal as the preferred way forward but transfers both additional cash flow development costs and risk to the HRA.

The funding of the increase in the expected capital programme over the next five years is largely dependent upon the timing and value of asset disposals that underpin the regeneration programme.

The reduction in the capacity of the HRA and the potential impact of risk factors requires a strong risk mitigation strategy that can be quickly adopted if any of adverse risks materialise. The management options available to mitigate risk are outlined in detail in Section 11.

Report of:

Ed Watson, Executive Director of Growth,
Planning and Housing

Executive Summary

- 1.1 This report presents the Housing Investment Strategy and thirty-year Housing Revenue Account (HRA) Business Plan. This is the fifth such plan since the introduction of self-financing in 2012. The City Council's investment plans are ambitious and will deliver a range of lasting benefits for the City, its residents and the City Council. They will allow the City Council to realise much of its 'City for All' ambitions of aspiration and choice; delivering new homes and leveraging the value of our land assets to bring forward investment in some of Westminster's poorer neighbourhoods.
- 1.2 Since last year the recommended budget for investment in the Council's existing stock has been increased from £1.4bn over thirty years to £1.5bn. In the light of the uncertainties created by welfare reform changes and the Housing and Planning Act 2016 (HPA), a prudent approach to budget setting was adopted last year and it was signalled that officers would revisit the plans at this time. A budget of £1.5bn is viable but minimum reserves are reduced to £10m, instead of £11m in two of the 30 years. This increase of c.£100m primarily relates to:-
- Revised 2% contingency allowance over the 30 year business plan period on major works to the existing stock; (c.£30m)
 - Allowances to deal with contractor default and latent defects; (£4m)
 - An anticipated increase in the number of units requiring void refurbishment works; (c.£8m)
 - A re-profiling of capital expenditure as a result of new major works contracts; (c.£24m)
 - New health and safety requirements are met; (c.£1.4m)
 - One year's construction inflation from 2016/17 to 2017/18 (over 30 years). (£c.35m)
- 1.3 Key elements of the HRA investment programmes included are:
- Continued investment in existing housing stock (£1,034m);
 - Investment in the housing estate regeneration programme (£509m);
 - Other new supply schemes (£99m)
 - Affordable Housing Fund expenditure on new supply over the 5 year period 2017/18 to 2021/22 (£114.37m including £58m on HRA schemes)
- 1.4 It was anticipated that the Council would at this time have full knowledge of the impact of the key provisions of the HPA, namely 'Pay to Stay' and the 'higher value' void levy on the HRA. However, the secondary legislation has not yet been made or indeed released in draft form. Any increased income from the 'Pay to Stay' policy will be payable to the Treasury after an allowance for the Council's increased administrative costs and the net effect therefore to the HRA should be nil. Of more potential significance to the HRA is the higher value void levy and officers have modelled in outline four possible scenarios in Appendix E and considered possible responses and mitigations.

2. Recommendations

- 2.1 To approve the indicative HRA capital programme budgets for 2017/18 to 2021/22 (Appendix B).
- 2.2 To note the proposed allocations from the Council's Affordable Housing Fund to new supply programmes.

3. Reasons for decision

- 3.1 Adoption of the plans outlined in this report will enable the Council to invest in maintaining and improving the existing stock of homes and neighbourhoods within its management, while also delivering wider benefits to the City's residents and businesses. The financial plan will ensure the housing stock continues to meet the housing needs with which the city is faced; and ensure the HRA remains sustainable and viable over the long term.

4 Housing Regeneration

- 4.1 The programme of investment in existing stock will see £394m of HRA resources expended over the next five years on the redevelopment of our estate with an additional £58m investment provided from the Affordable Housing Fund and £2m of Mayor of London funding. The following HRA and General Fund (GF) schemes will progress over the next 5 years.

Church Street

The masterplanning team for Church Street was procured over the Summer of 2016 and is working towards public consultation in Spring 2017 with a draft final masterplan in late Spring/early Summer 2017. This will build on the work of the Futures Plan and will propose delivery solutions for a range of housing led regeneration projects as well as overall strategies for the area.

A number of blocks along Church Street itself were identified in the Futures Plan as having development potential. These are being considered as part of the masterplanning process and it is likely that one or more of those blocks will be included in the next phase of sites to be designed and delivered. These sites all have significant vacant possession and decant requirements and a £23.5m contribution to the Housing Zone from the GLA is intended to help meet the cost of leaseholder buybacks.

Cosway Street

In February 2013 the Council decided to pursue by agreement the acquisition of the City of Westminster College's long leasehold and freehold interests in the site at Cosway Street. The purpose of the acquisition was to combine the Council's other landholdings within the Cosway Street plot and thereby maximise the Council's future opportunities/options and enhance overall land value. The scheme will commence in 2016/17 with planning approval scheduled for 2017 on a wholly private residential option with an expectation of 49 units being delivered and completion expected in 2020.

Ashbridge Street

This scheme involves a former BT station and there exists an outline proposal (subject to further review and planning consent) to construct 20 residential units with start on site date estimated in early 2017 and completion in the Autumn of 2020.



Lisson Arches

This scheme involves the replacement of the 45 units in nearby Penn House – a sheltered housing block earmarked for demolition – together with 14 additional private sheltered flats for market sale. The relocation of utilities that run under the site has caused delays to the main construction contract. Works are planned to complete in Spring 2019. The 14 private units will be disposed of on the open market.



Parsons North

This scheme involves the redevelopment of a car park to provide 59 flats including 20 affordable units. A planning application will be made in May 2017 and the expected start on site date is Spring 2018. The current proposal is to dispose of the private units via open market sales and this strategy and justification will be reviewed through the usual governance process.

Luton Street

The Council is in negotiation with the developer with a view to agreeing an Agreement for Lease in late Autumn 2016. Subject to planning consent in early Spring 2017 works will begin in the summer of 2017 and complete in the summer of 2019. The development will provide 162 new homes (57 affordable), a £3m Community Sports Centre, £3m public realm contribution and £2.4m improvements to the surrounding blocks.



Tollgate Gardens

The Tollgate Gardens regeneration programme involves the demolition of 5 blocks involving 59 formerly tenanted units and 30 private units and the redevelopment of the estate which will provide 248 new homes (86 affordable, 162 private). The scheme allows for the refurbishment and recladding of Tollgate House. Demolition began in September 2016 with refurbishment commencing in December 2016. The scheme is due to be completed in 2019. The private units will be sold via the developer partner and not via a sales agent.



Ebury Bridge Estate

The currently consented scheme provides for the demolition of 8 blocks and construction of four new buildings to provide 271 new flats consisting of 129 social rent flats, 26 equity share flats and 116 private/market flats. The programme allows for the refurbishment of the 5 remaining blocks. The Council have identified the need to enhance the current design in order to ensure that the scheme is viable and is currently working through potential options. Delivery strategies including decisions on the working relationship with developers are being assessed with the recommended route to be detailed in forthcoming Cabinet Member reports.



Infill Programme

The Infill Programme will deliver 26 new 2, 3 and 4 bed affordable homes by Autumn 2018 for the HRA (subject to planning permission) in its first phase. Phase two will progress a further 20 units. The programme will generate capital receipts, from the disposal of sites assessed as unsuitable for retention within the HRA, which will be reinvested. A long list of potential infill opportunities is maintained to ensure that a rolling programme can be delivered in subsequent phases over the next 5 years.

Image below of one the schemes, new build on a garage site delivering 8 x 4 bed houses

Melrose House & Keith House



Beachcroft House (GF)

This site is a former pupil referral unit and will be redeveloped to provide an 84 unit sheltered scheme with a mixture of affordable and market sale units. Works will commence in the summer of 2017 and complete in the summer of 2019. The private units will be disposed on the open market via a sales agent.



Dudley House (GF)

This site has been assembled utilising a former social housing block and a number of private street properties and will provide 197 intermediate rented residential units, a school, church and a retail unit. Demolition began in October 2016 and works will complete in the Summer of 2019.



Ashmill and Lisson Street (GF)

The Ashmill Street Car Park is part of our wider infill programme to create a small number of family homes whilst retaining a smaller number of parking spaces. The proposals for development on Lisson Street are currently under review.

- 4.2 During the 5 year period 2017/18 to 2021/22 there is a pipeline of over 1,835 new affordable homes anticipated to be delivered. 130 of these homes are currently under construction, with the remaining homes due to start and complete by March 2022. Of this pipeline of 1,835 units, the HRA is anticipated to deliver 397 affordable units on Housing Renewal sites with a further 77 affordable homes being delivered by the HRA on 'infill' sites and on 'section 106' schemes. These HRA programmes will be delivered from a combination of HRA funding and the Council's Affordable Housing Fund (AHF). In addition a further 295 affordable homes will be delivered on General Fund sites including 281 homes partially funded by the AHF. The remaining affordable homes are anticipated to be delivered by Registered Provider (RP) partners mainly from 'section 106' opportunities in the City and through spot purchases of existing housing then converted to affordable housing use. This RP supply will be delivered using a combination of direct investment from RPs and the AHF.
- 4.3 The Council's **Affordable Housing Fund** supports delivery of new affordable housing in the city, with c.£105m contractually committed with relevant Cabinet Member approval and a further £98m set aside but yet to be formally approved. These committed and set aside funds will support both the delivery of new supply and housing regeneration programmes including the programmes outlined above.
- 4.4 The investment programmes outlined in this report will help to transform many of our neighbourhoods and the council will continue to look for ways to maximise what can be delivered on both existing and future estate regenerations schemes, as well as encouraging the private sector to deliver more affordable and intermediate housing in the context of the current housing shortage. The benefits of planned investment are wide, impacting: housing; health and care; jobs, business and enterprise; place-making and the built environment; assets for the community; and bringing about greater community involvement.

5. Background

5.1 The Council's *Housing Investment Strategy*, approved by Cabinet in 2012, centres on delivering three key programmes:

- Investment to maintain and improve existing council-owned homes;
- Delivery of new affordable homes; and
- Implementation of the initial phases of the housing regeneration programme.

5.2 Annually, the Council reviews and updates its 30 year business plan in line with best practice. This report summarises the latest 30-year Housing Revenue Account (HRA) Business Plan, and seeks approval from Cabinet for updated and re-profiled capital expenditure proposals. The annual update also outlines how the Council plans to utilise resources from the Affordable Housing Fund (AHF) to deliver new affordable housing supply initiatives.

5.3 The charts in paragraph 10.2 show the key business plan metrics for both last year's and this year's plans. The significant differences between the two years are:

- Revised 2% contingency allowance on major works over the 30 year business plan period; (c.£30m)
- Allowances to deal with contractor default and latent defects; (£4m)
- An anticipated increase in the number of units requiring void refurbishment works; (c.£8m)
- A re-profiling of capital expenditure as a result of new major works contracts; (c.£24m)
- New health and safety requirements are met; (c.£1.4m)
- One year's construction inflation from 2016/17 to 2017/18 (over 30 years). (£c.35m)

5.4 The key achievements made in maintaining, improving and renewing the stock in the last 12 months are listed in Appendix F.

6. Government policy announcements and recent legislative changes

6.1 This section provides a summary of the legislative changes and announcements over the last two years and the implications for the Council's housing investment plans.

Welfare Reform and Work Act 2016

Social rent reduction

6.2 Section 23 of the Act provides for a 1% social rent reduction for 4 years from 1 April 2016. Previously, rent could rise by a maximum of the Consumer Price Index (CPI) plus 1% each year. Modelling of the rent reduction impact has been undertaken using the anticipated CPI figures for these four years and estimates the loss of rent income at £32 million in cash terms. The effect on a 30-year NPV basis is over £237 million. This impact was modelled in last year's report and its effect is therefore contained in the data in Chart 1. Beyond the first four years,

however, there is uncertainty about what rent regime will be in place. The HRA business plan assumes that the government will revert to its stated policy of CPI+1% for the following 5 years before reducing to inflation only annual increases. However the previous rent policy was not statutory and leaves some flexibility to increase rents more than CPI+1% if needed.

Welfare Benefits cap, Local Housing Allowance caps and TA subsidy

- 6.3 Last year's report signalled the changes to welfare benefit caps; Local Housing Allowance changes; and changes to temporary accommodation (TA) subsidy limits - the cumulative effect of which results in increasing net costs to the General Fund. The net cost to the council of the provision of temporary accommodation for homeless households is £4.3m p.a. but this is predicted to rise by £0.5m in 2017/18 and a further £0.5m in 2018/19 and when Universal Credit is introduced in 2019 – 2011 this may add a further £5m to the net TA budget. In addition, there is the as yet unknown knock-on effect on the General Fund from the loss of units as a result of the higher value void levy and this is modelled elsewhere in this report.
- 6.4 In response to these changes the Council is taking the opportunity afforded by the ending of the current Housing Options contract in October 2017 to re-shape the contract to best meet these challenges. The new contract will be flexible and responsive to changing financial and legislative pressures. Services for single people will be separated from those of families. 'People' services will also be separated from 'property' services. The service will be let in 'lots' to allow specialist providers with expertise in niche areas to be able to bid for a part of the overall service. The new service will concentrate on early intervention, homelessness prevention and reducing the need for TA.

Housing & Planning Act 2016

- 6.5 The provisions of the Act that are considered to have significant impacts on the Council's housing investment plans are summarised and considered below.

Disposal of high value voids

- 6.6 This policy requires local authorities that maintain a HRA to make an annual financial contribution to government equivalent to the estimated revenue from disposal of properties that become void in that year, and which are considered to be 'higher value'. It is being introduced in order to fund an extension of the right to buy policy to tenants in the housing association sector. The secondary legislation that will provide for the details of this contribution is not yet made and no details have been forthcoming from the Government. The amount of this levy is of critical importance to the Council and therefore some modelling of possible scenarios as to what this might be and the ability of the City to meet and respond to it is included as Appendix E.

The HRA base model takes account of scenario 1, and assumes disposals of 250 social dwellings and a net capital receipt of £115m which is paid as a levy to central government over the first 3 years of the policy.

Affordable housing and s.106 agreements

- 6.7 The Act requires local planning authorities to effectively require starter homes (new dwellings available to purchase by first time buyers under 40 and sold at 80% of market value, with a suggested price cap of £450k in London) as a form of affordable housing with a requirement that 20% of net new dwellings on relevant sites are starter homes. The detailed provisions are not yet released, but it is presumed that this provision will be funded through a reduction in the requirement to provide traditional affordable housing on which the Council relies to accommodate households in housing need. This could lead to decreased funding for affordable rented and potentially an increase in demand and need.

Pay to stay

- 6.8 The Act provides the enabling legislation to require stock retaining housing authorities to charge a market rent to households with incomes of £40k or above in London (£30k elsewhere), and that the extra income generated will be paid to government (less an amount to cover administrative costs). The Government has confirmed that a taper will be applied above the minimum income thresholds and that households in receipt of Housing Benefit will be exempt from paying higher rents. The taper will operate so that affected households will pay an additional 15p in rent per week for every £1 they receive in taxable income above the thresholds. A date for implementation has not yet been communicated by central government.
- 6.9 This policy will not have a significant impact on the HRA business plan, as it is unlikely to significantly alter stock numbers (there might be a small increase in the number of the Right-to-Buy completions) or net rent received. Much work will however be required in developing procedures and communications tools for administering the policy.

Housing Strategic Options Study

- 6.10 In response to the changes mentioned above the Council has procured Deloitte Real Estate to advise on how best to respond to the range of policy changes affecting the HRA. The current HRA Business plan utilises all of the foreseeable headroom and financial capacity within the HRA. This will limit the ability for the HRA to potentially contribute material funds unless changes are made, this may necessitate changes in priorities and compromises to be considered.

The study will involve a review of current government policy and consideration of the implications of this for the Council, including the impact on the Council's HRA Business Plan and General Fund, before going on to overlay the effect of the options as part of the evaluation and appraisal process. In particular it will consider how the Council can best provide more social, affordable and intermediate housing both in and out of Borough to:

1. provide temporary and permanent accommodation to fulfill the Council's duties under the homelessness legislation;
2. provide affordable housing for those working in Westminster;

3. contribute to a built environment which promotes health and wellbeing, and;
4. increase the capacity for regeneration within the Borough.

Community Supported (Sheltered) Housing

6.11 The Council will in the forthcoming year assess if the Council is making the best use of its own CSH asset (excluding registered provider stock) and to consider recommendations for change. The study will address three main questions:

1. How well is CSH meeting current demand and how well will it meet future demand?
2. How well does it contribute to meeting the Council's key priorities and objectives?
3. What changes are needed and how can they be made?

City for All and Draft Westminster Housing Strategy

6.12 In December 2015 the Council published its 'Westminster Housing Strategy – Direction of travel statement' in response to the *City for All* vision. Investment in existing and new homes, and in our communities, is central to achieving this vision of Westminster being a City of Aspiration, Choice and Heritage. Specific *City for All* commitments supported by the housing investment outlined in this report includes:

- Maximising the delivery of new affordable homes in Westminster;
- Working with others to support new supply within London;
- Delivering the housing renewal programme at Tollgate Gardens; Ebury Bridge Estate and Church Street and moving towards regeneration becoming 'business as usual';
- Developing new types of intermediate housing and increasing the supply of intermediate housing;
- Lobbying government and working with partners to ensure that any disposals required by the Act are replaced on at least a one for one basis;
- Implementing the change programme at CityWest Homes to improve customer service and ensure value for money and improve resident engagement in the scrutiny of services;
- Improving energy efficiency in our stock and investing £12m to tackle cold and damp housing conditions and target action at the 450 tenants most at risk of ill-health from their home; and
- Reviewing the role of our community supported housing;

6.13 Despite the uncertainties and pressure on resources the Council remains committed to improving or renewing as appropriate our older stock and increasing housing supply. The housing renewal plans are now gaining momentum and the volume of improvement work planned for the stock over the next five years is ambitious.

6.14 Plans for each of the Council’s housing investment programmes are set out in the following sections.

7. HRA investment programme – expenditure on existing homes

7.1 The 2016/17 HRA Business Plan accepted that, because of the reduced income assumed as a result of Government rent changes, not all of the Council’s housing stock would be able to be brought up to – or maintained at – the ‘CityWest Standard’. Rather, a 30-year investment programme was set at £1.4 billion (£941m capital and £473m revenue), which would still enable the Council to meet the Government’s Decent Homes standard.

7.2 Officers have continued to take a prudent approach to budget setting because of the on-going uncertainties arising from the HPA. However, following further review of necessary investment, an increase in the 30 year budget has been proposed as part of this year’s Business Plan. Specifically, it is assumed that an additional c. £100m would need to be spent over the Plan period as explained in 5.3, leading to a total projected spend of c. £1.5 billion (£1034m capital and £485m revenue).

7.3 Total expenditure on major works programmes in the first five years of the programme therefore amounts to c.£291m investment (capital and revenue), broken down as shown below – Appendix B shows in more detail.

Description	5yr Plan	30yr Plan
	£m	£m
Mechanical & Electrical	63	342
External	88	377
Major Voids	18	94
Kitchen & Bathrooms	8	68
Lifts	10	50
General	5	29
Fire precautions	14	38
Adaptations	6	36
Total Capital Improvements	211	1,034
Repairs & Maintenance	80	485
Total Investment	291	1,519

7.4 One of the main ways that the 16/17 Plan budget was reduced to respond to the pressures from the 1% rent reduction policy was through extending the life-cycle and changing the specification in the refurbishment / replacement of key building elements. This meant that the Council’s ambitious CityWest Standard would not be universally achieved and there is a risk of decreased resident satisfaction. However it should be noted that reducing and reprofiling spend in this area remains one of the key management mitigations of risk.

- 7.5 One of the key ways that CityWest Homes is seeking to ensure better investment and budget control is through its current procurement exercise. This involves long term service agreements with a limited number of contractors. CityWest Homes already has a 10 year term contract to provide responsive repairs works, but this is coming to an end in April 2017. The proposal is to grant a series of new contracts covering not just responsive repairs, but also major works. This will provide better value for money and drive a reduction in costs. As well as improved management a 2% (industry norm) contingency has been applied.
- 7.6 The contracts should mean that procurement is much more stream-lined with a shortening of the time period from project approval to 'start on site'. In the short-term, however, the procurement of the Term Contracts has meant that a number of projects have been delayed, to be captured under the new regime, which is the prime reason for the higher capital investment profile in the first three years of the Plan (especially in 2018/19).

8. New affordable housing supply schemes

- 8.1 The majority of new affordable supply currently being delivered in the City is linked to market housing led developments where a proportion of new housing is required to be provided on site as affordable housing linked to (s106) planning obligations. These s106 affordable homes are generally transferred by private developers to the Council's Register Provider (RP) partners once built and the Council then nominates households in housing need from its waiting lists to these new affordable homes.
- 8.2 Registered Providers have therefore been the Council's main historical source of new affordable housing supply in the City. However, RPs are unable to compete with the private sector in Westminster for development site opportunities due to the high cost of land in the City. Also, RPs operating in the City have very limited development capacity within their own estates to deliver new affordable housing supply.
- 8.3 As new affordable housing supply is generally limited to s106 sites, the Council and its partners have sought to supplement this limited affordable housing supply by bringing forward spot purchase programmes of market homes that are then used for affordable housing.
- 8.4 The Council will be carrying out 'estate planning' appraisals over the next few years to identify estates that are unpopular or which have low levels of resident satisfaction; those which do not perform well financially (e.g. where the cost of management and maintenance exceeds income) or where there are significant future major works costs or matters of innate obsolescence (e.g. structural or design issues that are difficult to overcome.) Any estates identified in this initial work will be subject to a prioritisation system for a more fulsome appraisal of the best long-term strategy for the estate in consultation with residents and other stakeholders.
- 8.5 The Council's Housing Renewal strategy will significantly increase the level of new-build housing supply in the future with circa 2,000 new homes planned of which over 1,100 will be affordable.

Affordable Housing Fund

- 8.6 The Affordable Housing Fund is the Council's traditional source of funding for new housing supply. Since 1997 developers have contributed £319m to the fund. This has funded £111m expenditure on 1,500 new affordable homes. The fund has current balances of £217m (including interest received on balances) of which £105m has been contractually committed. This means that currently the fund has £112m of uncommitted headroom.
- 8.7 Further affordable housing projects in the pipeline require in the region of £98m from the AHF, leaving £14m of uncommitted AHF resources to allocate to new projects in the future. Currently there are c. £70m in outstanding developer payments due to be paid into the AHF, including a single payment of £39m due from Chelsea Barracks. See table overleaf:-

Affordable Housing Fund (AHF)	Balance £m
Brought forward balance as at 31 October 2016	217
Formally contractually committed	-105
Uncommitted headroom	112.0
Outstanding Developer payments expected	70.0
Notional allocation to pipeline schemes	-98.0
Projected unallocated balance	84.0

- 8.8 In addition, due to the delivery time frames of many of these new affordable housing projects, there are not anticipated to be any cash flow issues with funding these projects from the AHF.
- 8.9 Decisions regarding the allocation of the Affordable Housing Fund are delegated to the Cabinet Member for Housing, Regeneration, Business and Economic Development. Cabinet are asked to note, however, that in circumstances where future investment may be either from the HRA or the AHF, that as a matter of general policy it is suggested the AHF should be chosen or where a mixture of funding is required the AHF contribution should be maximised. This policy responds to the fact that the AHF cannot be spent on real estate outside of the City's geographical boundary whereas the HRA can be spent outside the City.
- 8.10 With the advent of HRA self-financing the HRA is now a vehicle for delivering new affordable housing, supplementing AHF supply. Over the next five years, through a combination of the HRA, and the existing and anticipated AHF commitments the Council expects to deliver circa 969 new affordable housing units (including those in the regeneration areas). This is summarised in the table overleaf

Potential schemes being supported through the Affordable Housing Fund 2017-2022

Scheme	Gross Potential Units	AHF funding*
Registered Provider schemes	164	£15.9m
Council schemes (HRA, non-regeneration)	77	£9.67m
Council schemes (GF, supported housing and intermediate rent)	281	£18.3m
Council schemes (GF, Temporary Accommodation)	50	£12.5m
Housing regeneration	397	£58m
Total	969	£114.37m**

* New affordable homes that are expected to be delivered during 2017-22 and where AHF funding is either contractually committed or is awaiting formal approval against these projects and where full or partial AHF required for these projects is anticipated to be drawn during 2017-22.

** Figures relate to those AHF resources anticipated to be spent during 2017-22. Because of the time lag between investment and completion of new-build units some of this funding will deliver new supply after 2022

Registered Provider Schemes

8.11 Registered Providers including Westminster Community Homes and Dolphin Living Foundation are anticipated to deliver 164 new affordable homes over the next five years with the assistance of the AHF. These homes will be delivered as a mixture of spot purchases and new build developments. It is anticipated that £15.9m will be required from the AHF to support the delivery of these 164 new affordable homes, supplementing the funding provided by the RPs themselves. Additional affordable housing supply of over 1,000 units will also be delivered through RPs during this period mainly from private developer led 's.106' sites and where the delivery of this supply will not be dependent upon investment from the AHF.

HRA housing supply

8.12 A sum of £10m was budgeted in last year's Plan to support development of new homes on small "infill" sites within the HRA estate. To date, a number of sites have been brought forward through the planning system, to deliver new homes through the conversion of void basements, sheds and garages. The current

programme assumes a total investment of c.£18m, with the remaining £8m coming from the Affordable Housing Fund and recycled disposal receipts. There is an on-going review of other sites to be brought forward under the 'infill' programme.

- 8.13 To supplement allocated funding for new supply CityWest Homes has instituted an active asset management approach, whereby non-performing assets (for example those where the future value of the income is less than the future level of costs) are subjected to an options appraisal. Stock deemed not to meet on-going needs is disposed of and the proceeds ring-fenced for investment in new homes that better meet the needs of residents.
- 8.14 To date, as part of this programme, the Council has disposed of 60 non-performing HRA void properties (mostly studios and 1-bedroom units) on the open market, with a further 19 agreed for disposal. Disposals have so far raised £32.64m, with a further £9.2m anticipated from already agreed disposals. Proceeds have so far been utilised to acquire 22 replacement family-sized homes at a cost of £11.23m.
- 8.15 The Council continues to explore, with other boroughs, opportunities to deliver new affordable housing, where joint working will help bring about regeneration activity creating new affordable supply and where access to these new affordable housing supply opportunities will be shared by Westminster and the host borough.
- 8.16 Westminster will look to use capital receipts from the sale of non-performing HRA housing assets to part fund new affordable supply outside the borough which may include regeneration opportunity sites or new build opportunities currently in private ownership.

General Fund housing supply

- 8.17 The Council plans to provide 345 new affordable homes over the next five years. These will be a mix of new build and spot-purchase homes and will include the major scheme of 197 homes at Dudley House, Paddington and Beachcroft House in Shirland Road.
- 9. Housing estate regeneration – improving neighbourhoods and adding to housing supply**
- 9.1 Westminster's housing regeneration programme represents a gross investment by the City Council of £509m (including £52m of costs already incurred) in the Housing Renewal areas, and the first significant redevelopment of Westminster's council housing in over 30 years.

Regeneration schemes

Description	Costs to 31 March 2016	5yr Plan	30yr Plan
	£m	£m	£m
Church Street	0	141	212
Ebury Bridge	20	75	102
Lisson Arches	4	24	28
Tollgate Gardens	13	17	18
Luton Street	4	12	14
Parsons North	0	24	24
Cosway Street	11	28	30
Ashbridge	0	13	13
Edgware Road	0	9	10
Infill Schemes	0	16	19
CHP Scheme	0	9	10
Walden	0	7	7
Contingency	0	19	23
Total	52	394	509

- 9.2 Investment in the regeneration programme has again been protected in this year's business plan and has increased from the £338m gross investment reported last year.
- 9.3 Capital receipts of £351m approximately are expected over the 30 year business planning period. A further £133m of capital grants are expected: these being a combination of a grant from the GLA in respect the Edgware Road Housing Zone together with AHF contributions. Total income is £485m providing a net funding requirement met from within the HRA of £24m.
- 9.4 The regeneration programme will deliver 1,121 new units of affordable housing within the HRA and GF, and significantly improved homes to replace the 456 that will be demolished resulting in a net gain of 665 affordable housing units. Capital budgets in the HRA for the next five years of the programme are set out at Appendix B, with a profile of 30-year income and expenditure shown at Appendix C.
- 9.5 The council's bid to the Mayor of London for housing zone status in respect of the Edgware Road regeneration area has been approved and both parties have entered into an Overarching Borough Agreement. The two funding tranches are proposed to be as follows:-
- £2m towards infrastructure works at Lisson Arches; and
 - £23.5m for site assembly on the western aspects of Church Street (primarily the acquisition costs of the residential leasehold interests in these blocks.)

The Lisson Arches funding will be repayable towards the end of the 10 year life of the Housing Zone. Officers are in discussion with the GLA regarding the terms of the second funding agreement with a view to this being repayable only if the development scheme exceeds its expectations in financial terms.

9.6 The housing renewal programme aims to deliver wider benefits beyond new and improved homes. These are summarised in the table below.

<p>Area wide employment offer</p>	<ul style="list-style-type: none"> • 1,000 employment opportunities to residents in regeneration areas • Community assets – additional enterprise / employment space • Lasting legacy: addressing needs of long term unemployed • Contributing to improved physical and mental health outcomes through employment opportunities improving self-esteem, social interaction and greater physical activity
<p>Church St</p>	<ul style="list-style-type: none"> • Programme team based on site to improve community engagement and help deliver outcomes • Creation of an outcomes framework to monitor the changes in the neighbourhood • Employment coaches on site along with active process of connecting with businesses to create local opportunities • Health & Well Being hub – up to 6,000 sq. m – one stop for health, well-being, housing, training and advice with enhanced range of health services (within proposed WCC development on Lilestone Street) • Public Realm – landscaping improvements throughout the neighbourhood, green corridor, increased park and play space across the neighbourhood • Animation of public spaces to encourage community participation in physical activities including gardening, exercise and play • District heating system to supply hot water and heat to new homes (where possible) more sustainably and cheaply, this is subject to commercial viability

	<ul style="list-style-type: none"> • Improving the market – series of physical and management improvements to make the street a London destination • Older People’s housing – 45 new replacement high quality one bedroom sheltered homes with some market housing for older people • Enterprise centres • Relocation of Luton St Children’s services to improved facilities at Tresham and Orange Park (completed)
Tollgate	<ul style="list-style-type: none"> • New community centre, accessible to all • Public realm – improved landscaping, increased greening of the estate
Ebury	<ul style="list-style-type: none"> • New retail units facing onto Ebury Bridge Rd. • New playground • Provision of new community centre with improved natural lighting and modern facilities, accessible to wheelchair users. • Retaining community gardens, new enlarged green spaces new and improved landscaping

10. The HRA business plan base financial position

10.1 This report sets out the Council’s Housing Revenue Account (HRA) Business Plan for the 30-year period 2016/17 to 2046/47. The base financial position will deliver the following:

- Investment in existing stock of £1.5bn, including major works capital expenditure of £1.034bn and revenue repairs and maintenance of £485m.
- Investment in new affordable housing of £509m generating 992 new HRA units, along with improved public realm and community facilities.
- Reduction in HRA debt in year 30 to £82m.
- HRA Revenue balances in year 30 of £120m.
- Efficiency savings of £5.2m in the first five years which are reinvested in service delivery.

10.2 The charts below show the key variables of last year and the current year's Business Plans: the debt cap (set by government under the self-financing settlement); the debt (total borrowing requirement); capital programme expenditure; and the cash reserves balance. Each of these is explained further below. This shows that the HRA can fund the regeneration and other identified investment opportunities, with support from additional capital grants and receipts.

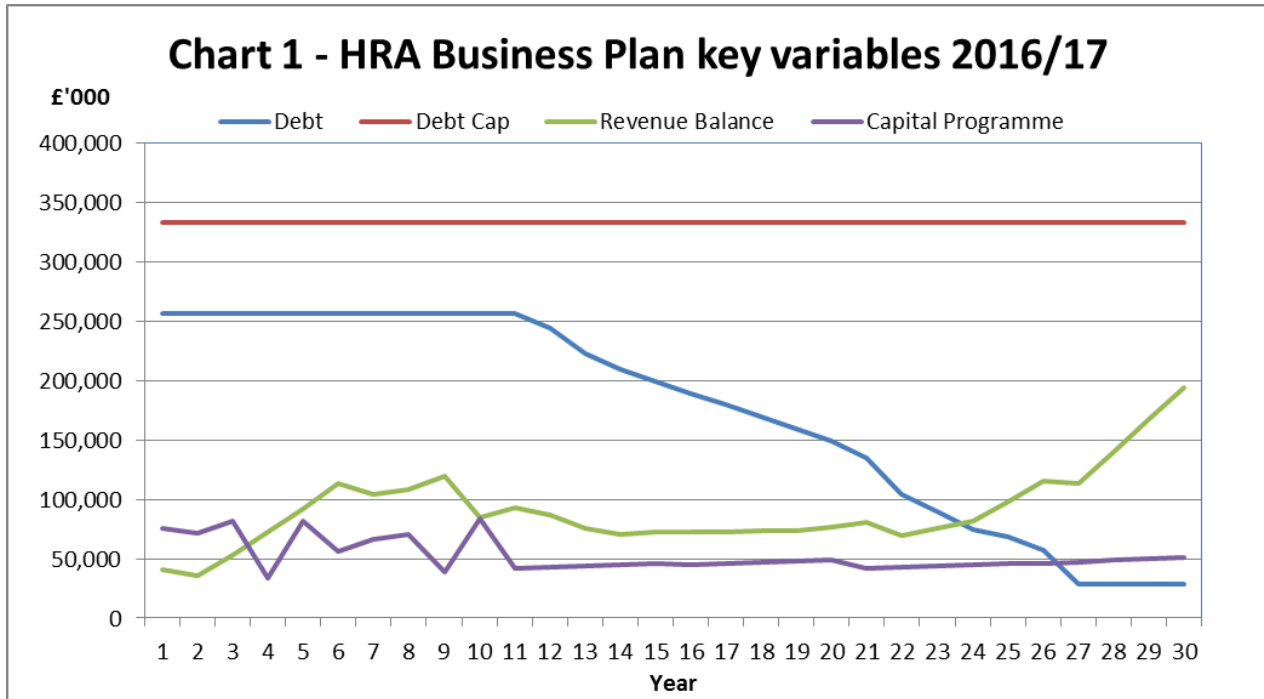
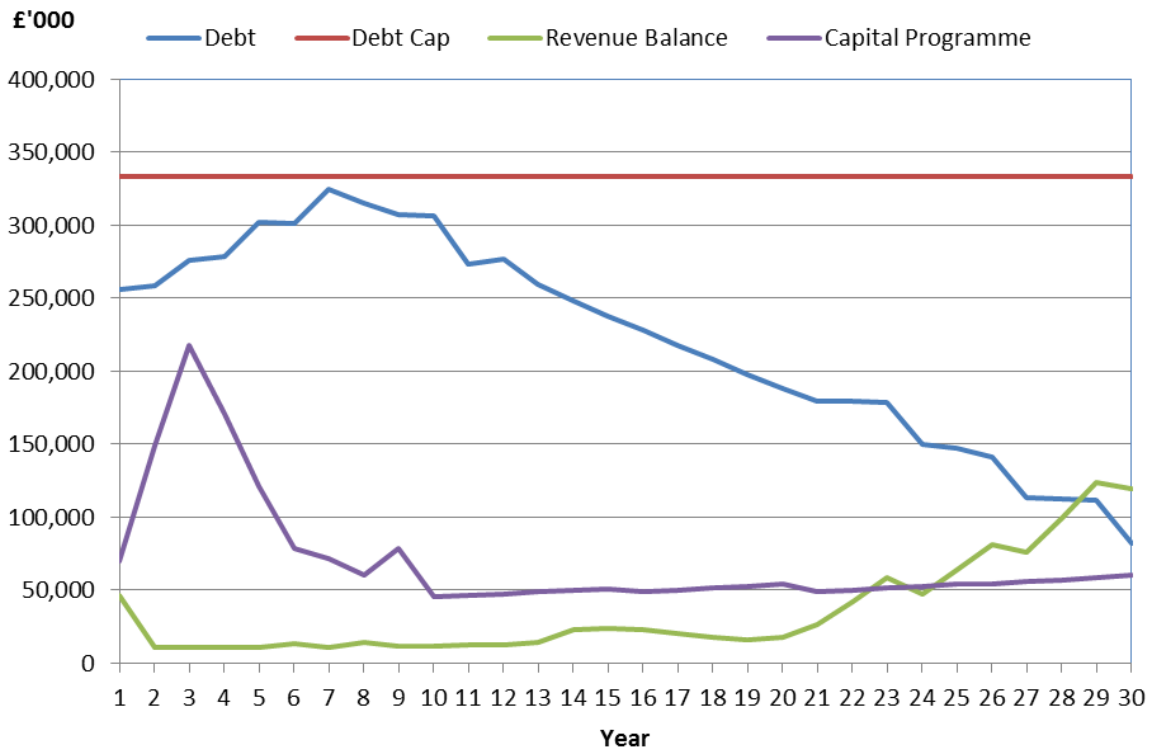


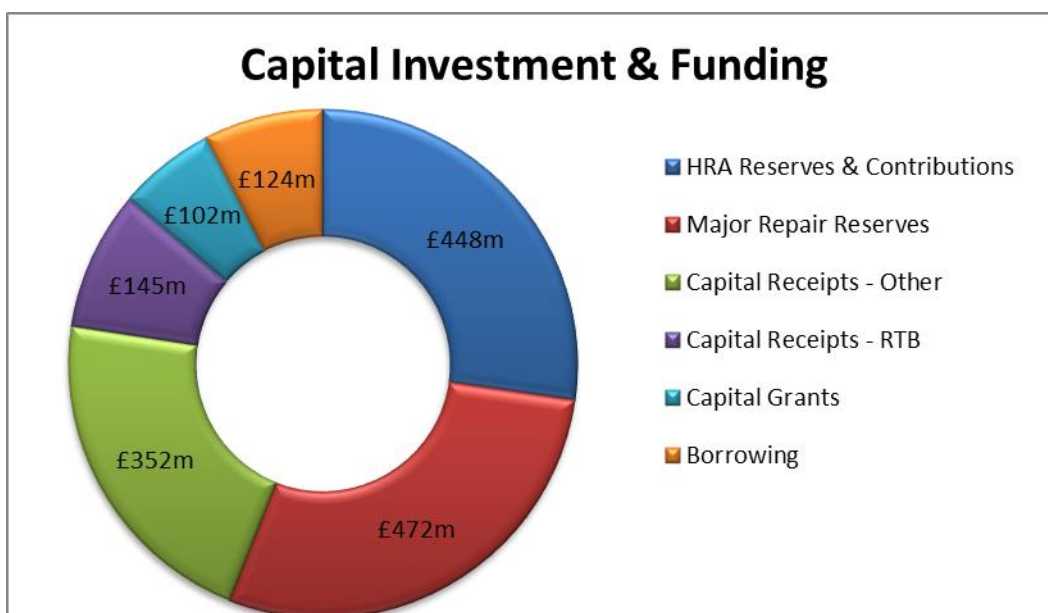
Chart 2 - HRA Business Plan key variables 2017/18



10.3 **Debt cap (red line)** - each local authority HRA has a debt cap, imposed by government as part of the 2012 self-financing settlement. This limits the amount of borrowing that the HRA can undertake. Westminster’s cap was originally set at £325m, but was increased in 2014/15 to £334m. As the chart shows, the borrowing limit remains the same over the 30year period so the maximum amount the HRA can borrow is in line with government rules.

10.4 **Debt (blue line)** - As the chart shows, the Council is able to fund the investment programmes outlined in this report with additional borrowing. Borrowing peaks in Year 7 and reduces thereafter as most of the regeneration scheme are completed or near completion. The plan assumes that maturing debt will be re-financed as long term loans expire and where resources allow, the principal sums are progressively repaid. Debt levels are higher than that presented last year in the first 14 years because of the additional expenditure planned on maintaining the existing stock and increased expenditure on regeneration as shown by the rising blue line from year 1 to year 8 and its fall back to around £250m in year 14. This compares with the flat line at around £250m in last year’s projection. Borrowing is estimated to fall from £256m to £82m (£29m last year) over the life of the plan resulting in a net debt repayment of £174m (£228m last year) over the 30 year period. The borrowing headroom is estimated to improve from £78m (£77m last year) to £252m (£305m last year) at the end of the plan providing future investment capacity in the later years of the programme. The reduction in headroom of £53m compared to last year’s plan enables the HRA to access the additional borrowing required to fund the regeneration projects.

- 10.5 **Revenue balance (green line)** - A minimum reserves balance of £11m has been assumed in the plan as a contingency against unexpected expenditure and to mitigate potential risk. This largely arises from the dependency upon capital receipts which are dependent upon delivery of the regeneration programme and the continued buoyancy of the property development market. This continued level of reserves in this year's programme is felt to be prudent in light of the future uncertainty around Brexit, Government housing policy, rent policy, inflation, interest rates and cash flow. As the charts shows, the revenue balance is estimated to rise from £46m to £120m over the life of the plan. However, last year's plan saw balances rise from £40m to £194m. The balances are close to the minimum from year 2 to 10 then slowly increases thereafter as regeneration projects are completed or near completion. The reduction in balances of £74m from last year's plan have helped fund the higher capital programme.
- 10.6 **Capital programme (purple line)** - Total planned capital investment in the HRA totals £1.6bn (£1.2bn last year) over 30 years. This includes major works on existing stock of £1bn (£933m last year), regeneration £509m (£248m last year) and other new supply schemes £100m (£49m). The programme is estimated to rise sharply and peak in year 3 as a result of increased regeneration expenditure, then gradually reduce over the next 7 years and stabilise from year 10 onwards as the regeneration projects are completed or near completion. The amount of HRA expenditure on regeneration has increased compared with last year and it also happening earlier, hence, the large peak in expenditure in year 3 to 6. The higher regeneration programme will deliver 992 new affordable homes.
- 10.7 This will be funded mainly from: Reserves & Contributions of £448m; capital receipts of £352m generated from land and market sale of new homes; capital grants of £102m; RTB sales receipts of £145m, and borrowing where appropriate. This is shown in the chart overleaf.



Key Business Plan assumptions

- 10.8 The key assumptions that underpin the business plan are set out below.
- 10.9 **Housing stock** – the Plan is based on a forecast of reducing tenanted stock numbers from 12,054 at the beginning of year 1, to 11,103 in year 30. This includes a total 992 new units, 765 RTB sales, 688 demolitions and 250 high value void sales.
- 10.10 **Dwelling rents** - average weekly rent per property is estimated to increase from £124.26 to £227.20 in year 30 of the plan. This reflects the 1% rent reduction in the first four years to 2019/20 in line with government regulation and an estimated 3% average rent increase for the next five years up to the end of the original 10 year rent policy. For subsequent years a prudent inflationary increase is assumed as Government rent policy beyond the initial 10 years rent policy period is still uncertain.

HRA stock movement

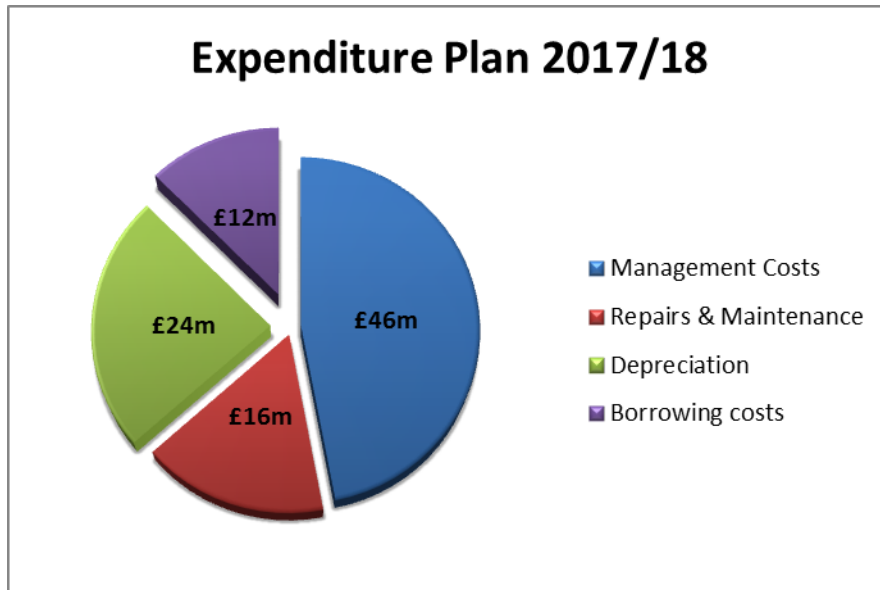
Tenure	Tenanted	Affordable / Intermediate	Leasehold	Total
Stock numbers at 01/04/2016	12,054	0	9,098	21,152
Additions	518	474	0	992
Demolitions	-454	0	-234	-688
Disposals - RTB	-765	0	765	0
Disposals - HVV	-250	0	0	-250
Stock numbers at 31/3/2046	11,103	474	9,629	21,206

Assumed rent increases

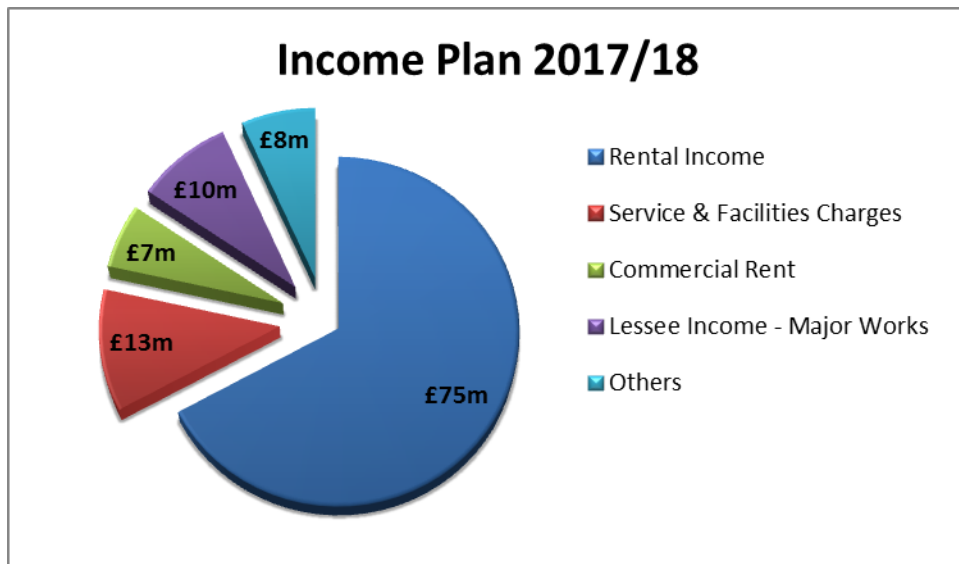
Year	Year	Average Rent per week	Assumed Rent Increase	% (Decrease) /Increase	ent Increases
1	2016.17	£124.26	-£1.19	-1%	-1%
2	2017.18	£123.07	-£1.19	-1%	-1%
3	2018.19	£121.88	-£1.19	-1%	-1%
4	2019.20	£120.70	-£1.18	-1%	-1%
5-9	Annual increases in line with CPI +				1%
10-30	Thereafter annual increases in line with CPI +				0%

- 10.11 **Management Costs** – the chart below show the operating account expenditure for 2017/18. The total annual expenditure is £98m, the bulk of which is the housing management and service costs of £46m. £38m of the management costs represents direct estate management services for tenants and lessees delivered through City West Homes (CWH) and other providers, and support services

delivered through other Council services. The balance of £8m consists of other costs such as communal heating & hot water provision and other estate services which are recoverable from tenants and lessees.



10.12 The chart below show the operating account income for 2017/18 in the Business Plan.



10.13 CityWest Homes have in consultation with the Council and in response to an independent review by the housing consultancy Altair produced a new strategy and savings plan. The key elements of this programme are listed below.

Digital transformation programme

- A new website and improved services available online, making it easier for customers to contact CWH and access information when they want.

- Mobile working to improve staff effectiveness when working on our estates and visiting residents in their homes.
- A new target operating model: channel shifting customers to on-line services wherever possible, improving the quality of the phone service, supporting on-line services and continuing to provide face to face services to tenants with greater support needs.
- Reviewing the role of their office portfolio.
- Reducing the volume of non-value added contacts.

Setting new standards for customer service delivery

- Revising the resident engagement processes to attract a broader range of residents.
- Consulting residents on their service requirements and developing tenure specific service standards that tenants and lessees can expect CWH to deliver upon.
- Regularly publishing performance against the standards for our customers to see.

Growth and improvement of the stock through effective asset strategy

- Working through a series of options with the Council to make better use of the housing stock as an asset. Churning the stock to create more homes through disposals, acquisitions and new build.

New arrangements for repairs and major works

- A fundamental review of procurement arrangements for repairs and major works delivery, and implementation of recommendations to replace existing contract arrangements from 2017.

These changes will require some initial investment and will achieve permanent savings of £5.2m partly through reduced management costs, by 2020/21 .

10.14 Being a 30-year plan, the HRA Business Plan is based on a number of assumptions about the future. We have been prudent in setting these assumptions so that risk is minimised. The key assumptions used in the plan are shown below. See section 11 for a discussion on how risks are managed.

Risk area	Assumption	Comment
Inflation	RPI at 2.5% CPI at 2%	Assumed long term inflation for planning purposes applied to expenditure items.
Rent policy	Y 1-3 1% reduction Y 4 – 9 CPI +1% Y10+ CPI only	A conservative approach to rent increases as local authorities have flexibility under the self-financing regime.

Risk area	Assumption	Comment
Void rates	1.5%	Assumed long term void rate for planning
Bad debt provision (BDP)	1.5% from Y2 onwards	Assumed long term BDP rate for planning
Interest on debt/balances	0.5% on balances; 4% on new and rescheduled debt	Reflects current rates available and historic evidence.
RTB Receipts	30 in the first three years, then 25 thereafter.	Best estimate based on historical sales trends and expressions of interest
Minimum cash balances	£11m	Approximately 10% of turnover. Prudent in light of current economic and market risks as a result of Brexit.
High Value Voids (HVV) - The HPA requires housing authorities to sell interest in any vacant higher value (HRA) housing and pay levy to government	250 sales over 3 years Indicative modelling of a number of the scenarios is included in Appendix A	It is assumed the levy payment will be funded from capital receipts from units sold.

10.15 Based on these assumptions, the business plan remains viable over the 30-year period; and the investment programmes are deliverable. Appendix C presents the 30-year Operating Account, while Appendix D shows capital expenditure and financing over the 30-year period.

11. RISK MANAGEMENT

11.1 As the HRA headroom and financial capacity is fully utilised by the increase in the proposed capital programme over the immediate planning period the ability of the HRA to absorb and manage risk is reduced as HRA reserves will be at minimum levels.

11.2 This means that if any overspends occur or capital receipts are delayed or reduced this would necessitate mitigation through a range of management actions as the HRA is legally unable to run deficits.

11.3 The range of management options available within the HRA to mitigate any additional risks are as follows:-

1. Reduce expenditure
 - i.Reduce major works capex (e.g. from £1.5bn to £1.4bn over 30 years).
 - ii.Reduce Major works capex over the first ten years (when capex peaks).
2. Re-profile, extend or delay expenditure
 - i.Programme the regeneration spend so that schemes run sequentially rather in parallel or delay either some projects within Church Street or Ebury.
 - ii.Reprofile major works capex over the first ten years (when capex peaks).

iii.Reprofile and extend regeneration scheme programmes.

3. Dispose of HRA assets
 - i. Identify surplus assets or sell additional HRA properties (eg excluding HVV this equates to extra 200 HRA properties value £100m).
4. Increase HRA rents from year 4 to the maximum allowable
 - i. Moving rents to average of £126 per week in 2021/22 an increase of an extra £1.89 a week and setting rents thereafter at CPI+1% would generate additional income of c.£223m over 25 years (rent policy is only guidance and the only control at present is the limit on Housing Benefit).
5. Increase affordable rents to 80% of market rents.
 - i. Moving average rents from £150 a week to £187 per week would generate c.£27m over 30 years.
6. Increase funding from the Affordable Housing Fund (AHF)
 - i. The risk of increases in cost for the acquisition of affordable housing can be met from the AHF fund through reprioritisation of funding c£40m.
7. Lobby for an increase in the debt cap

11.4 An analysis of the current regeneration capital programme shows that after excluding schemes that are either cash limited or contractually committed and excluding spend on new affordable acquisition where the affordable housing fund would pick up any potential increase in cost risk that an appropriate level of risk contingency of c.£50m has been provided for.

11.5 As noted in section 10 above, the base business plan uses prudent assumptions so that risk is minimised. Set out below is a summary of other potential risks to the stability of the business plan. Quarterly governance meetings are held between senior officers and elected officials, at which programme performance is reviewed and risks monitored.

Risk	Impact	Mitigation
Capital Receipts: The plan assumes estimated capital receipts of £352m will be recovered and used to fund the development of new homes.	Any significant slippage in the recovery of these receipts may pose a cash flow risk for the HRA.	Robust monitoring of the timing of the receipts will help inform management action to mitigate this risk. Management options identified above would need to be applied
Rent Policy	If rents were to increase annually by CPI after 4 years, not by CPI+1% as modelled, the impact would be a cost of c.£330m and the plan would be unviable.	Management options above would need to be applied
Interest rates	The rates assumed are 3.9% on new borrowing throughout the BP. If they were to rise to 6%	Management options identified above would need to be applied

	the impact would be a cost of c. £62m. But the plan would still be viable	
Inflation	If RPI inflation were to increase above that assumed by 1% the impact would be that the Plan will no longer be viable over the 30yr. But the increase in costs would be partially offset by increased income as this is also based on CPI inflation	Management options identified above would need to be applied
Capital Costs	If the cost of construction and professional fees on the regeneration programme were to increase by 20% this would cost £50m.	This is provided for within the scheme budgets
Welfare Reform: Implementation of Universal Credit, benefit cap and other welfare reform changes.	May increase rent arrears which impacts HRA income.	Robust monitoring of service activity and the HRA Business Plan.
Brexit - Adverse impacts on costs and values as a consequence of Brexit	There is increased uncertainty about the costs of projects due to changes in the cost of materials and labour arising from changes in the value of the pound relative to other currencies. Equally there are changes in the attractiveness of London as a residential investment, positively due to falls in the value of the pound and negatively from lack of access to Europe. These are highly uncertain and may lead to increased caution on the part of contractors and developers when bidding for work or assessing the risks/rewards of current projects.	A selection of current projects are being reviewed to identify and seek to quantify the impacts based on the best evidence available to highlight areas where further measures need to be taken.

- 11.6 In addition, the Business Plan conforms to the Chartered Institute of Housing (CIH) and CIPFA voluntary code on self-financing HRAs. This includes compliance with CIPFA's Code of Practice on Local Authority Accounting in the UK including depreciation of assets on a componential basis.
- 11.7 The Council complies with the both the principles of co-regulation as set out in "The Regulatory Framework for Social Housing in England from 2012." and also the requirements of the CIPFA/CIH "Voluntary code of practice on self-financing HRAs".
- 11.8 Under the Regulatory Framework code, governance arrangements should be fit for purpose, and reflect the complexity and risk-profile of the organisation. Boards and Councillors need to set clear objectives and develop a forward looking

strategy that enables their organisation to make the most of future opportunities and mitigate risks. There should be a continuous focus on effective financial management and improving value for money.

11.9 The self-financing code of practice is a voluntary framework of best practice for local authority governance of the HRA aimed at promoting effective governance, finance and business planning and aimed at providing transparency to stakeholders on how the housing business is being managed. Its key principles are:

- **Financial viability.** The housing authority has put in place arrangements to monitor the viability of the housing business and takes appropriate actions to maintain viability.
- **Communications and governance.** The housing authority keeps under review the communications and governance arrangements with regards to the new operating environment and adopts governance arrangements appropriate to supporting viability and accountability of the housing business.
- **Risk management.** The housing authority has in place an effective system for the on-going management, monitoring and reporting of risks to the HRA.
- **Asset management.** The housing authority has in place arrangements to maintain its assets to maximise their value into the future. The authority complies with the principles of good asset management as they apply to HRA assets.
- **Financial and treasury management.** The housing authority complies with proper accounting practices including CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom² and CIPFA's Treasury Management in the Public Services Code of Practice.

12. FINANCIAL IMPLICATIONS

12.1 This report relates to the Housing Revenue Account (HRA) Business Plan and overall Housing Investment Strategy. It is based on 30-year period. It has been updated to reflect the current position including the impact of known Government policies, funding arrangements and risk factors. All expenditure and income are to be included in Council budgets. It is considered that the report reflects an accurate position on which to adopt the Plan.

12.2 The capital programme proposed will see an increase in capital spend. The gross HRA capital expenditure required to deliver the plans within this investment strategy is £700m over the next five years. This will rely upon funding of £210m of HRA revenue resources, £381m from RTB & Other capital receipts, £58m from the Affordable Housing Fund and £52m of new borrowing or grant.

12.3 The funding of this programme is largely dependent upon the timing and value of asset disposals that underpin the regeneration programme.

- 12.4 Once these HRA funds are committed they will utilise all of the foreseeable headroom and financial capacity within the HRA. It will result in the HRA reserves being at around a minimum level of c.£11m for the 20 years and borrowing peaking at £334m in year 7. This will limit the ability of the HRA to contribute major funds to any further housing development until around year 10, therefore the Strategic Housing Options study currently underway, is seeking alternative methods to build more homes.
- 12.5 As the plan repays debt the headroom will increase from year 7 and by year 13 the revenue reserves will also start to increase, which will allow for further new investment to begin again at this stage.
- 12.6 As the HRA is legally not allowed to run a deficit this means that if there is an overspend on the capital programme or elsewhere, or if capital receipts are reduced or delayed, the options available to contain these pressures will necessitate either reducing, reprofiling or stopping expenditure on the capital programme or realising funds through the disposal of HRA assets, or applying more funding from the AHF. These options are identified within the risk management section above (see section 11).
- 12.7 The procurement route for a number of renewal and investment opportunities has been changed from a developer framework approach to one of design and build. This change will make schemes more viable but transfer both additional cash flow development costs and risk to the HRA.
- 12.8 There remain a number of uncertain risks identified including interest rate, inflation and the impact of Brexit that will require close monitoring and the adoption of a range of management mitigations if they adversely impact upon the HRA.
- 12.9 The reduction in the capacity of the HRA and the potential impact of risk factors requires a strong risk mitigation strategy that can be quickly adopted if any of adverse risks materialise. The range of management options available to mitigate risk are outlined in detail within section 11.
- 12.10 The latest 30-year HRA Business Plan demonstrates that the investment proposals are fundable, subject to the assumptions within the plan, and that the HRA remains a sustainable and viable entity over the thirty year period.
- 12.11 In undertaking the HRA business planning process all regeneration programmes have been subjected to continued robust scrutiny and challenge and an appropriate level of contingency on capex schemes has been provided for within the plan.
- 12.12 This report presents the latest 30-year Housing Revenue Account (HRA) Business Plan and investment plans for housing related activity. Indicative detailed HRA capital investment budgets and proposed funding are presented for approval for the five years 2017/18 to 2021/22.
- 12.13 Lastly, the internal governance processes within housing, involving CWH development and major projects teams have been rigorously reviewed and focuses now upon key project management skills and tolerance reporting. These

changes will ensure that regeneration scheme budgets and outcomes are managed within agreed exception reporting tolerances.

13. Legal Implications

- 13.1 The expenditure referred to in this report will be spent pursuant to the Council's powers and duties. Individual reports on each project will be approved by the Cabinet or by the relevant Cabinet Member.
- 13.2 Statutory requirements as to the keeping of a Housing Revenue Account (HRA) are contained in the Local Government and Housing Act 1989. The provisions include a duty, under Section 76 of the Act, to budget to prevent a debit balance on the HRA and to implement and review the budget.
- 13.3 The Localism Act 2011 contains provisions relating to housing finance in Sections 167 to 175. These provisions introduced a new system of council housing finance which ended the current Housing Revenue Account subsidy system in England and replaced it with self-financing arrangements. Section 171 of the Localism Act 2011 empowered the Secretary of State to make provision relating to the level of indebtedness in relation to local housing authorities in England which keep a Housing Revenue Account.
- 13.4 This report includes references to rental income in relation to the charges made by the Council in respect of its HRA residential accommodation. Under Section 24 of the Housing Act 1985, local housing authorities have the power to "make such reasonable charges as they may determine for the tenancy or occupation of their houses". Section 24 also requires local authorities, from time to time, to review rents and make such changes as circumstances may require. The section confers a broad discretion as to rents and charges made to occupiers; however it should be noted that there is a limitation on discretion arising from the self-financing determinations. Section 24 was further amended by Section 88 of the Housing and Planning Act 2016 with regards to rent for high income social tenants in England, also known as the "pay to stay" provisions. As mentioned in this report we are still waiting for effective legislation to be made which will govern the "pay to stay" provisions.
- 13.5 Under Regulation 12 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) local authorities are required to use RTB capital receipts to pay the "poolable amount" to the Secretary of State, on a quarterly basis.
- 13.6 This report deals with other legislative provisions which are expected to influence the Housing Investment Strategy such as the social rent reduction introduced by Section 23 of the Welfare Reform and Work Act 2016 and changes to the social benefits system under Sections 8 – 17 of the Welfare Reform and Work Act 2016.
- 13.7 The expected coming into force of the Housing and Planning Act 2016 is also likely to affect the findings of subsequent reports and also the Council's regeneration initiatives. The most relevant provisions include Sections 1 – 8 which introduce a requirement to provide "starter homes". Starter homes are dwellings aimed at first-time buyers which must attract a disposal price lower than the price

cap which is currently set at £450,000 and which must be sold at a 20% discount against the market price. The Secretary of State may make amendments to the price cap. Another relevant provision is the imposition of a liability for local housing authorities which maintain a Housing Revenue Account to make payments to the Secretary of State based on the market value of any vacant higher value void properties which the local authority owns. Additionally under Chapter 6 and Schedule 7 the Housing and Planning Act 2016 seeks to phase out secure tenancies as life interests and replace them with fixed term secure tenancies thus potentially allowing for more flexibility in terms of stock management. Full details of any of these provisions are not available at the moment.

- 13.8 The Housing and Planning Act 2016 also contains provisions which have been implemented and may attract procedural changes in the way the Council progresses its regeneration projects. Such provisions include the amendments made to the planning regime under Part 6 and amendments to the compulsory purchase and appropriation procedures under Part 7.
- 13.9 The Equality Act 2010 introduced a single public sector equality duty. This duty requires the Council to have due regard in its decision-making processes to the need to:
- a. Eliminate discrimination, harassment, victimisation or other prohibited conduct;
 - b. Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it, and;
 - c. Foster good relations between those who share a relevant characteristic and those that do not share it.
- 13.10 The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation.
- 13.11 The Council is required to act in accordance with the equality duty and have due regard to the duty when carrying out its functions, which includes making new decisions in the current context and in relation to the new Strategy. An Equalities Impact Assessment and or consultation maybe necessary if significant changes are envisaged to Housing Management Schemes.
- 13.12 As set out above this report contains references to new legislation which is not yet in force or which requires further regulations to be made by the Secretary of State.

14. Consultation

- 14.1 Development of the Business Plan and Housing Investment Strategy has involved officers from with the Housing Department, City Treasurers and CityWest Homes. We have had regard to national and local housing policies and objectives which have informed the priorities for investment.
- 14.2 A key component of the housing regeneration programme is community engagement: officers and consultants have worked with local communities to

develop plans for their neighbourhoods. Community engagement teams work on the ground with residents, visiting residents in their homes, staffing drop-in sessions and holding open days. Resident expectations are high, and the City Council is committed to an on-going programme of resident involvement as these schemes develop further.

- 14.3 Many of the schemes included in the early years of the 5-year capital programme are also being worked up in consultation with residents. Once approved, it will be necessary to communicate the aspirations and proposals contained within the overall Business Plan and Investment Strategy to resident groups more widely.

If you have any queries about this Report or wish to inspect any of the Background Papers please contact:

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Appendix A

Other Implications

1. Resources Implications

The resourcing implications to deliver the proposed capital programme are contained within the attached indicative HRA capital programme.

2. Business Plan Implications

Approval of the HRA Business Plan is critical to delivery of key components of the Housing Business Plan, such as the estate regeneration programme and reducing homelessness pressures.

3. Risk Management Implications

See section 11 of the report.

4. Health and Wellbeing Impact Assessment including Health and Safety Implications

Programmes delivered within this strategy are aimed at addressing health and wellbeing issues, through improvements to housing and the public realm, and through related programmes addressing employment and skills and provision of community facilities.

5. Crime and Disorder Implications

Safety and security measures form a component of the programme of works to existing stock, and the estate renewal schemes, both of which are factored into the HRA Business Plan.

6. Impact on the Environment

New homes are built to Code 4 as a minimum and environmental and energy efficiency works are key considerations in the works to existing housing stock and the housing regeneration schemes. The Church Street regeneration scheme incorporates a new Combined Heat and Power district heating scheme.

7. Equalities Implications

Each of the estate regeneration schemes has been subject to an Equalities Impact Assessment to ensure any arising issues are addressed. DDA works and disabled adaptations are included as essential works within the capital programme

8. Human Rights Implications

The investment programmes outlined in this report will involve the enforced displacement of residents and their human rights under Article 1 of the First Protocol and Article 8 of the European Convention on Human Rights will be taken into account at the appropriate time.

9. Communications Implications

See section 14 on consultation.

Appendix B

HRA FIVE YEAR CAPITAL PROGRAMME (£'000)

Schemes	2016-17 Forecast	2017-18 Plan	2018-19 Plan	2019-20 Plan	2020-21 Plan	2021-22 Plan	Total 5yr Plan	Total 30yr Plan
Major Works								
Kitchen & Bathrooms	1,900	1,100	2,160	2,340	1,800	900	8,300	67,700
External	14,541	19,170	21,480	14,446	16,182	16,573	87,851	377,392
Fire precautions	757	2,253	2,678	3,071	2,500	3,000	13,501	38,258
General	200	1,000	1,000	1,000	1,000	1,000	5,000	29,200
O.T Adaptations	1,200	1,200	1,200	1,200	1,200	1,200	6,000	36,000
M&E	7,621	11,840	14,727	14,233	11,159	10,659	62,618	342,240
Lifts	2,000	2,000	2,000	2,000	2,000	2,000	10,000	50,000
Major Voids	4,000	3,500	3,000	3,000	4,000	4,000	17,500	93,500
Total Major Works	32,219	42,063	48,245	41,290	39,841	39,332	210,770	1,034,289
Regeneration								
Church Street	4,980	6,845	31,075	39,620	45,280	18,100	140,920	211,670
Ebury Bridge	16,585	16,996	9,772	17,335	17,432	13,000	74,535	102,120
Lisson Arches	3,262	6,881	16,244	1,330	0	0	24,454	27,719
Tollgate Gardens	665	7,202	9,763	0	0	0	16,964	17,630
Luton Street	1,345	7,477	4,897	0	0	0	12,374	13,719
Parsons North	750	6,704	11,717	4,820	500	0	23,741	24,491
Cosway Street	2,400	9,600	9,500	8,500	0	0	27,600	30,000
Ashridge	300	3,600	6,932	1,971	62	0	12,565	12,865
Edgware Rd Development	1,058	33	8,849	0	0	0	8,882	9,940
Infill Schemes	2,461	5,871	5,336	2,770	2,465	0	16,442	18,903
CHP Scheme	700	4,900	1,300	500	1,000	1,100	8,800	9,500
Walden	0	0	0	0	7,000	0	7,000	7,000
Contingency	0	4,086	5,950	3,939	3,825	1,670	19,470	23,452
Total Regeneration	34,507	80,195	121,334	80,785	77,564	33,870	393,747	509,009
Other								
Lisson Arches Bridge Improvement	1,800	0	0	0	0	0	0	1,800
Regeneration Clientside	1,000	0	0	0	0	0	0	1,000
Self Financing	1,051	15,000	20,000	20,000	20,000	20,000	95,000	96,051
Kemp House	145	760	0	0	0	0	760	905
Total Other	3,996	15,760	20,000	20,000	20,000	20,000	95,760	99,756
Total Capital Expenditure	70,722	138,018	189,579	142,074	137,405	93,202	700,278	1,643,054
Financed By:								
New Borrowing	29,700	6,086	16,338	3,939	23,712	1,670	51,745	124,431
Affordable Housing Fund	3,453	18,329	4,619	9,441	13,000	13,000	58,389	101,833
Capital Receipts - Other	2,395	14,103	101,984	68,720	43,630	28,675	257,112	351,716
Capital Receipts - RTB	3,908	32,370	24,590	21,359	24,667	20,462	123,448	144,778
MRR	23,598	23,598	23,598	23,598	23,598	23,598	117,991	471,963
HRA Reserves	7,668	43,531	18,450	15,017	8,797	5,797	91,593	448,333
Total Financing	70,722	138,018	189,579	142,074	137,405	93,202	700,278	1,643,054

Appendix C

Westminster City Council
HRA Business Plan
Operating Account
(expressed in money terms)

		Income				Expenditure													
Year	Year	Net rent Income £,000	Other income £,000	Misc Income £,000	Total Income £,000	Managt. £,000	Depreciation £,000	Responsive & Cyclical £,000	Other Revenue spend £,000	Total expenses £,000	Capital Charges £,000	Net Operating (Expenditure) £,000	Repayment of loans £,000	Transfer from / (to) MRR £,000	RCCO £,000	Surplus (Deficit) for the Year £,000	Surplus (Deficit) b/fwd £,000	Interest £,000	Surplus (Deficit) c/fwd £,000
1	2016.17	88,018	7,374	16,992	112,385	(45,437)	(23,260)	(15,800)	(2,070)	(86,568)	(12,149)	13,668	0	13,456	(22,735)	4,389	41,606	289	46,283
2	2017.18	86,397	7,559	16,896	110,852	(46,057)	(23,598)	(16,085)	0	(85,740)	(12,284)	12,828	0	0	(48,109)	(35,282)	46,283	175	11,177
3	2018.19	85,963	7,748	19,355	113,066	(47,069)	(23,957)	(16,900)	0	(87,925)	(11,789)	13,351	0	0	(13,519)	(168)	11,177	55	11,064
4	2019.20	87,731	7,941	17,455	113,127	(48,356)	(24,663)	(17,323)	0	(90,341)	(11,613)	11,174	0	0	(11,236)	(63)	11,064	57	11,058
5	2020.21	88,835	8,140	18,400	115,375	(49,560)	(25,272)	(17,756)	0	(92,588)	(12,195)	10,591	0	0	(10,638)	(46)	11,058	57	11,069
6	2021.22	91,740	8,343	18,979	119,062	(50,887)	(25,908)	(18,200)	0	(94,995)	(12,612)	11,455	0	0	(8,807)	2,648	11,069	67	13,784
7	2022.23	95,287	8,552	18,764	122,603	(52,564)	(26,633)	(18,787)	0	(97,984)	(13,439)	11,180	0	0	(13,952)	(2,772)	13,784	69	11,081
8	2023.24	98,560	8,766	19,233	126,558	(54,047)	(27,596)	(19,257)	0	(100,899)	(13,807)	11,852	(8,828)	0	0	3,023	11,081	83	14,188
9	2024.25	103,150	8,985	19,713	131,849	(55,179)	(28,139)	(19,738)	0	(103,056)	(13,294)	15,499	(7,214)	0	(10,588)	(2,303)	14,188	95	11,979
10	2025.26	104,110	9,210	20,206	133,526	(56,840)	(28,789)	(20,232)	0	(105,860)	(13,036)	14,630	(565)	0	(14,329)	(264)	11,979	86	11,801
11	2026.27	107,159	9,440	20,711	137,311	(58,550)	(29,826)	(20,737)	0	(109,113)	(12,150)	16,048	(12,822)	0	0	3,226	11,801	(2,154)	12,873
12	2027.28	109,536	9,676	20,840	140,051	(59,889)	(30,515)	(21,256)	0	(111,660)	(11,417)	16,975	(14,988)	0	0	1,987	12,873	(2,054)	12,807
13	2028.29	111,964	9,918	21,361	143,242	(61,259)	(31,220)	(21,787)	0	(114,266)	(11,046)	17,930	(16,698)	0	0	1,232	12,807	262	14,300
14	2029.30	114,462	10,166	21,895	146,522	(62,660)	(31,941)	(22,332)	0	(116,932)	(10,437)	19,153	(11,118)	0	0	8,035	14,300	220	22,555
15	2030.31	119,283	10,420	22,442	152,145	(64,092)	(32,679)	(22,890)	0	(119,661)	(10,058)	22,426	(9,300)	0	(12,244)	882	22,555	206	23,643
16	2031.32	119,675	10,680	23,003	153,358	(65,557)	(33,433)	(23,462)	0	(122,453)	(9,722)	21,183	(9,300)	0	(13,036)	(1,153)	23,643	207	22,697
17	2032.33	122,392	10,947	21,129	154,468	(67,055)	(34,205)	(24,049)	0	(125,310)	(9,386)	19,773	(9,300)	0	(13,416)	(2,943)	22,697	209	19,963
18	2033.34	125,184	11,221	21,657	158,062	(68,588)	(34,995)	(24,650)	0	(128,233)	(9,042)	20,787	(9,300)	0	(13,806)	(2,319)	19,963	208	17,852
19	2034.35	128,052	11,501	22,198	161,752	(70,154)	(35,803)	(25,266)	0	(131,224)	(8,692)	21,836	(9,300)	0	(14,207)	(1,671)	17,852	209	16,390
20	2035.36	133,517	11,789	22,753	168,059	(71,757)	(36,629)	(25,898)	0	(134,284)	(8,321)	25,454	(9,300)	0	(14,619)	1,535	16,390	221	18,146
21	2036.37	134,022	12,084	23,322	169,428	(73,395)	(37,474)	(26,546)	0	(137,415)	(7,947)	24,066	(7,245)	0	(8,488)	8,333	18,146	257	26,736
22	2037.38	137,127	12,386	22,797	172,309	(75,071)	(38,339)	(27,209)	0	(140,619)	(7,789)	23,902	0	0	(8,760)	15,142	26,736	327	42,205
23	2038.39	140,314	12,695	23,367	176,376	(76,785)	(39,223)	(27,889)	0	(143,897)	(7,754)	24,725	0	0	(9,040)	15,685	42,205	416	58,306
24	2039.40	143,584	13,013	23,951	180,548	(78,537)	(40,128)	(28,587)	0	(147,251)	(7,756)	25,540	(27,900)	0	(9,328)	(11,688)	58,306	439	47,057
25	2040.41	146,940	13,338	24,549	184,827	(80,329)	(41,053)	(29,301)	0	(150,683)	(6,578)	27,566	(1,601)	0	(9,624)	16,340	47,057	462	63,860
26	2041.42	153,274	13,672	25,163	192,109	(82,162)	(41,999)	(30,034)	0	(154,195)	(6,482)	31,432	(5,500)	0	(9,188)	16,744	63,860	557	81,161
27	2042.43	153,914	14,013	26,419	194,346	(84,035)	(42,968)	(30,785)	0	(157,788)	(5,353)	31,205	(27,427)	0	(9,484)	(5,706)	81,161	597	76,053
28	2043.44	157,536	14,364	27,080	198,979	(85,952)	(43,958)	(31,554)	0	(161,464)	(5,064)	32,452	0	0	(9,807)	22,645	76,053	652	99,350
29	2044.45	161,251	14,723	27,757	203,730	(87,911)	(44,971)	(32,343)	0	(165,225)	(5,029)	33,476	0	0	(10,140)	23,336	99,350	781	123,467
30	2045.46	165,060	15,091	28,451	208,602	(89,915)	(46,007)	(33,152)	0	(169,074)	(5,025)	34,503	(28,600)	0	(10,483)	(4,580)	123,467	842	119,728

Appendix D

Westminster City Council
HRA Business Plan
Major Repairs and Improvements Financing
(expressed in money terms)

Year	Year	Expenditure									Financing						Shortfall £,000
		Kitchen & Bathrooms £,000	External £,000	precautions (not in M&E or External) £,000	M&E £,000	Lifts £,000	New Build Development Costs £,000	High Value Voids Levy £,000	Other £,000	Total Expenditure £,000	Borrowing £,000	RTB Receipts £,000	Other £,000	MRR £,000	RCCO £,000	Total Financing £,000	
1	2016.17	1,900	15,941	4,757	7,621	2,000	35,038	0	2,800	70,057	0	5,458	32,060	9,804	22,735	70,057	0
2	2017.18	1,128	21,904	5,897	12,136	2,050	82,572	23,168	0	148,855	3,279	17,792	56,077	23,598	48,109	148,855	0
3	2018.19	2,269	24,879	5,965	15,473	2,101	120,258	46,337	0	217,282	18,014	5,190	156,603	23,957	13,519	217,282	0
4	2019.20	2,520	17,926	6,537	15,328	2,154	79,608	46,337	0	170,409	3,137	3,212	128,161	24,663	11,236	170,409	0
5	2020.21	1,987	20,290	7,175	12,317	2,208	77,300	0	0	121,277	24,161	4,577	56,630	25,272	10,638	121,277	0
6	2021.22	1,018	21,240	7,920	12,060	2,263	33,755	0	0	78,256	0	1,867	41,675	25,908	8,807	78,256	0
7	2022.23	1,160	17,047	6,958	15,076	2,319	28,681	0	0	71,242	24,707	5,617	333	26,633	13,952	71,242	0
8	2023.24	594	17,474	7,132	15,453	2,377	17,323	0	0	60,354	0	1,975	35,660	22,719	0	60,354	0
9	2024.25	609	17,911	7,310	15,839	2,437	34,473	0	0	78,580	0	2,509	32,467	33,016	10,588	78,580	0
10	2025.26	624	18,358	7,493	16,235	2,498	0	0	0	45,209	0	2,091	0	28,789	14,329	45,209	0
11	2026.27	1,792	18,177	4,608	19,201	2,560	0	0	0	46,339	0	2,151	63,750	-19,562	0	46,339	0
12	2027.28	1,837	18,632	4,724	19,681	2,624	0	0	0	47,498	0	2,214	0	45,284	0	47,498	0
13	2028.29	1,883	19,097	4,842	20,173	2,690	0	0	0	48,685	0	2,278	0	46,407	0	48,685	0
14	2029.30	1,930	19,575	4,963	20,678	2,757	0	0	0	49,902	0	2,344	0	47,558	0	49,902	0
15	2030.31	1,978	20,064	5,087	21,195	2,826	0	0	0	51,150	0	2,412	0	36,493	12,244	51,150	0
16	2031.32	7,241	19,118	5,214	14,483	2,897	0	0	0	48,952	0	2,483	0	33,433	13,036	48,952	0
17	2032.33	7,423	19,595	5,344	14,845	2,969	0	0	0	50,176	0	2,555	0	34,205	13,416	50,176	0
18	2033.34	7,608	20,085	5,478	15,216	3,043	0	0	0	51,431	0	2,630	0	34,995	13,806	51,431	0
19	2034.35	7,798	20,587	5,615	15,597	3,119	0	0	0	52,716	0	2,707	0	35,803	14,207	52,716	0
20	2035.36	7,993	21,102	5,755	15,987	3,197	0	0	0	54,034	0	2,787	0	36,629	14,619	54,034	0
21	2036.37	4,916	21,630	5,899	14,748	1,639	0	0	0	48,831	0	2,869	0	37,474	8,488	48,831	0
22	2037.38	5,039	22,170	6,046	15,116	1,680	0	0	0	50,052	0	2,953	0	38,339	8,760	50,052	0
23	2038.39	5,165	22,725	6,198	15,494	1,722	0	0	0	51,303	0	3,040	0	39,223	9,040	51,303	0
24	2039.40	5,294	23,293	6,353	15,881	1,765	0	0	0	52,585	0	3,130	0	40,128	9,328	52,585	0
25	2040.41	5,426	23,875	6,511	16,279	1,809	0	0	0	53,900	0	3,223	0	41,053	9,624	53,900	0
26	2041.42	2,966	24,472	6,674	18,539	1,854	0	0	0	54,506	0	3,318	0	41,999	9,188	54,506	0
27	2042.43	3,040	25,084	6,841	19,003	1,900	0	0	0	55,869	0	3,417	0	42,968	9,484	55,869	0
28	2043.44	3,116	25,711	7,012	19,478	1,948	0	0	0	57,265	0	3,500	0	43,958	9,807	57,265	0
29	2044.45	3,194	26,354	7,187	19,965	1,996	0	0	0	58,697	0	3,586	0	44,971	10,140	58,697	0
30	2045.46	3,274	27,013	7,367	20,464	2,046	0	0	0	60,164	0	3,674	0	46,007	10,483	60,164	0

Appendix E

This appendix sets out the possible impact of the introduction of a levy, the “Higher Value Voids” (HVV) Levy (the Levy), under section 69 of the Housing and Planning Act 2016 which is likely to be implemented in the next financial year. This information is based on broad estimates because detailed modelling has not been possible as no details have yet been published regarding the Levy. The paper goes on to propose objectives for developing strategies and options for the Council in dealing with the Levy and sets out initial options, in order to obtain early views on these.

1. BACKGROUND

- 1.1 In 2015 the Government announced a range of housing changes, including the extension of Right to Buy (RTB) to housing association tenants funded by the sale of vacant higher value council homes – “higher value voids”. These changes were enacted in the Housing and Planning Act 2016 (the HPA). The HPA, under section 76, introduces a new duty for housing authorities to “consider selling its interest in any higher value (HRA) housing that has become vacant”. The detail behind this, in particular, the meaning of “higher value housing” will be defined in regulations yet to be made by the Secretary of State (SoS).
- 1.2 In addition, under section 69, the HPA provides for the introduction of a levy on housing authorities which retain housing. Again the details of the levy will be determined by regulations to be made by the SoS. It is understood that it will be based on assumptions regarding sales of higher value void properties but no draft regulations have been issued yet.
- 1.3 The HPA also makes provision for the SoS to enter into agreements with local housing authorities such that the payment of the levy will be reduced. In Greater London one of the terms of the agreement must be that the authority must ensure that at least two affordable homes are provided for each old dwelling – except to the extent that the GLA has agreed to provide them. Again further details are awaited.
- 1.4 On 7th September 2015 as part of a report titled “Impact of national policy changes in the areas of housing reform and further welfare reform” Cabinet received initial estimates regarding the HVV policy. These included the following:
 - over 57% of Westminster stock is “higher value” based upon the announced indicative national trigger points,
 - 2% or 230 could become void each year,

- If these were sold and not replaced, the HRA could lose £1.3m per year rental income and the reduced ability to re-house homeless households could cost the General Fund an additional £1.5m per year in temporary accommodation costs.

1.5 Over the last year the Government has signalled its intention to smooth the impact of the Levy between local authorities with high value and low value real estate. It is rumoured that typically the Levy will be based on a local housing authority needing to dispose of between 50 and 100 units per year. However, the situation remains uncertain and whilst the above estimates have been and will continue to be reviewed, it should be noted that, in the absence of even draft regulations setting out the government's proposals, detailed financial modelling is not possible. Section 2 below presents the latest estimates and these will be updated as further information becomes available.

2. LEVY SCENARIOS AND IMPACT

2.1 Possible scenarios for the amount of the Levy payable have been developed in order to estimate the impact of the Levy and inform the Council's thinking in developing options to deal with the Levy.

2.2 The Council has had an active asset management strategy since 2013 and based on information from those sales it has been assumed that disposals will generate circa £500k each. After repaying debt, estimated at £33k per property, and disposal costs a net receipt of £460k per property is assumed. These assumptions have been applied to three scenarios which it is considered might apply under the Regulations to be introduced.

2.3 **Scenario 1 – Base Case, £115m Levy, based on 250 sales over 3 years**

Over the last year the Government has signalled its intention to smooth the impact of the Levy between high value and low value local housing authorities. It is rumoured that typically the Levy will be based on a local housing authority needing to dispose of between 50 and 100 units per year. For Westminster we have assumed the higher figure of 100 units per year will apply. In addition we have assumed that the Levy will be introduced in Q2 of 2017/18 and will last for the remaining life of the government. This results in sales and Levy payments as follows:

Scenario 1

	Sales	Gross Receipts	Net Receipts = Levy
		£m	£m
2017/18 (half year)	50	25	23
2018/19	100	50	46
2019/20	100	50	46
Total	250	£125m	£115m

2.4 Scenario 2 - £250m Levy, based on assumed sales of 500 over 3 years, actual sales as Scenario 1

Under Scenario 2 officers have assumed a position, which the Government appears to be moving towards, whereby the Levy payment will be divorced from actual sales of HVV properties and will be based on a general assumption regarding receipts from an assumed level of sales for each authority. We have assumed a worst case scenario that Government will base the Westminster Levy payment on 200 sales per year at the average sales value of £500k and that this will be payable, as under Scenario 1, from Q2 2017/18 for the life of the Government. However, under this scenario the actual number of sales and the net receipts from those sales will stay at the level assumed in Scenario 1. Therefore, as shown in the table below, there will be a deficit.

Scenario 2

	Sales for Government Levy Calculation	Government assumed Gross Receipts = Levy	Actual Net Receipts to Westminster (=Scenario 1)	Deficit
		£m	£m	£m
2017/18 (half year)	100	50	23	27
2018/19	200	100	46	54
2019/20	200	100	46	54
Total	500	£250	£115	£135

The modelling undertaken shows that, unless sales can be increased, this deficit could be partially mitigated by reducing the major works capital programme back to £1.4bn.

2.5 Scenario 3 – Two for One Replacement in place of Levy Payment, 250 sales over 3 years (300 net new regeneration units within scope)

The HPA provides for the Levy to be reduced where a London housing authority enters into an agreement to provide two-for-one replacement dwellings. Taking the assumptions for Scenario 1 regarding the sales of HVV properties, the net receipts are used to fund replacement housing for properties sold. As 250 properties are assumed to be sold, 500 need to be replaced. Current assumptions are that the replacement properties will be both In-Borough and Out of Borough at an average cost of £400k per unit. The modelling shows that it should be possible to provide 200 replacement dwellings and maintain the major works capital programme at £1.5bn. Together with the 300 new units being provided already within the regeneration programme this would give a total of 500 units during the period. Our assumption is that this will satisfy the requirement for two for one replacement programme

2.6 **Scenario 4 – Two for One Replacement in place of Levy Payment, 250 sales over 3 years (300 net new regeneration units not within scope)**

Taking the assumptions for Scenario 3 as a starting point this scenario assumes that the 300 net new units within the regeneration programme considered above are disbarred. Therefore 500 units would need to be provided. It has been assumed that some of these could be delivered in-borough on land already in the ownership of the Council and others would need to be provided out-of-borough on land that would need to be purchased and/or the Council would need to buy completed new units. It has been assumed that this could be achieved for a blended average of £400k per unit, thus a total of £200m. Modelling shows that this is affordable to the HRA provided that the capital programme is reduced to £1.4bn and that the levy payments are not spread over 5 years from 2020/21.

2.7 **Impact on the General Fund**

The impact on the General Fund relates to the loss of properties to re-house homeless families and therefore the increase in net temporary accommodation costs burden. It has been assumed that 70% of any properties sold to fund the Levy would ordinarily be used to take households out of temporary accommodation. The estimated marginal costs to the General Fund are £2,500 per year per property. On the assumed sales set out in the previous section of 250 sales over 3 years the cost to the General Fund would be:

- 2017/18 (50 sales) - £125k
- 2018/19 (150 cumulative sales) - £375k
- 2019/20 (250 cumulative sales) - £625k

This impact would be mitigated if the Council is able to agree a Two for One replacement programme.

3. **TWO FOR ONE REPLACEMENT – LONDON WIDE VEHICLE**

- 3.1 Scenarios 3 and 4 above assume that Westminster will enter into an agreement for the Levy to be reduced where a London housing authority enters into an agreement to provide two-for-one replacement dwellings. It appears that Communities and Local Government ministers might support a “London deal” to manage the impact of the changes, including a 2 for 1 replacement housing strategy which would involve retaining the Levy monies to fund new provision of affordable housing both in and out of borough. As reported to Cabinet in September 2015, we are participating in a London Councils led group to develop a position for London. Currently this work is proposing a solution in the form of a London Wide Vehicle.

3.2 The rationale for the proposal for a London wide vehicle is that the 2 for 1 replacement housing policy will be easier to deliver if boroughs work jointly across boundaries and make better use of available resources. The emerging proposition is for a cross-borough Collaborative Housing Vehicle as a mechanism for pooling funds and for investing to unlock housing potential and engage strategically with the wider public sector as well as private sector partners. The assumption is that Levy funds could be invested in this vehicle to enable more affordable housing provision rather than paid over to government. Details are still emerging and it is too early to undertake any modelling but this could have several attractions for the Council, particularly if it opened up opportunities to deliver more housing available for Westminster residents.

4. **STRATEGY FOR DISPOSAL OF HIGHER VALUE VOIDS**

4.1 As can be seen from the above initial financial analysis, the Council will need to amend its current disposal strategy to raise additional funding either to pay the Levy or to fund additional affordable housing under the two for one replacement policy. Current work is focussing on two aspects:

- 1) A review of which properties to sell
- 2) A review of the options for disposal - to whom the properties might be sold and upon what terms.

4.2 Review of Properties to sell

It is likely that officers will propose in a future report to the Cabinet Member for Housing, Regeneration, Business and Economic Development that the current criteria in the asset strategy, which indicates when a void dwelling can be sold, should be expanded to include a Higher Value Voids Disposal Strategy. Factors to consider in revising the current strategy might include, inter alia, the following:

- Consideration of a proactive sale of units that have values that are much higher than the mean,
- whether the dwelling needs to be retained to meet other business needs – for example, in a block earmarked for retention in a regeneration area and needed for decanting occupiers from blocks to be demolished,
- the presence of adaptations for disabled occupiers in the unit,
- whether there should be limits to the number of disposals in any one area.

4.3 In addition consideration is being given to the introduction of an incentive scheme for tenants to move from Higher Value dwellings.

4.4 Review of Disposal Options

Officers are also considering options with respect to the disposal strategy and in particular examining options whereby all or a proportion of any dwellings that are disposed of remain in use as affordable housing and/or temporary accommodation, and to ensure that, if possible, ownership of dwellings disposed of can revert to the Council in due course.

4.5 In considering possible options, it is being assumed that the Council will under the regulations to be made under the HPA be able to sell a reversionary interest of a lesser period than the norm (e.g. 50 years rather than 125 years). An initial consideration of a long list of options has produced a short list of options as set out below, in no order of priority.

4.6 **Option 1 - Disposal on the Open Market**

This is the base case against which the other options are considered. It would involve a straight-forward disposal of dwellings into the market as they are identified for sale. Subject to the review of which properties to sell and further work on viability, this option is probably best suited to the highest value voids which would not be viable as affordable housing without significant subsidy. Alongside the outright sale option, disposal by a lease at market rent will be reviewed. Leasehold disposal requires further consideration in relation to the length of the lease and issues of leasehold enfranchisement, disposal via a lease premium and rent or rent only as well as the accounting issues. However it does mean that dwellings disposed of can revert to the Council upon expiry of the lease.

4.7 **Disposal to a subsidiary of Westminster Community Homes (WCH) or a new housing company wholly owned by the Council (WOC)**

This option has been considered alongside direct disposal to WCH and, at this stage, is considered to be a better option. Both options potentially allow the dwellings to remain in the “social” housing sector, subject to further consideration in relation to the price which could be paid in relation to the rents to be charged (and further advice in relation to a WOC regarding the ability to offer assured tenancies rather than secure tenancies). The assumption at this stage is that the WCH option would be a better option where the Council wished the dwellings to be retained as “social” housing (at social, affordable or intermediate rents) but a WOC might be a better option for dwellings where market rents would be considered.

4.8 However, the option also faces the problem that, because the Council owns shares in WCH (and would own a WOC), the law prevents more than five disposals per annum to an organisation in which the Council has an interest. This could be addressed by applying for specific SoS consent or by amending the shareholding structure of WCH. SoS consent is likely to depend upon demonstrating how the proposal meets government objectives. Alternatively, if the Council were to give up its shareholding in WCH it would need to rely solely on contractual remedies as influence through governance arrangements would be removed. The Council would need to consider whether this would be acceptable.

4.9 The advantage that disposal to a subsidiary of WCH (or a WOC) rather than direct disposal to WCH offers is that neither would be a registered provider. This avoids the following issues:

- 1) as WCH is a registered provider the dwellings would remain subject to the impact of the 1% rent reduction regime and the Right to Buy and further consideration will be needed as to whether WCH could acquire at market value and then rent at sub market rents viably,
- 2) section 70(3) of the HPA allows the SoS, in determining the amount of the levy, to assume that any housing disposed of to a private registered provider remains owned by the disposing authority,

Thus a subsidiary of WCH (or a WOC) offers greater flexibility to provide for a range of housing needs, including intermediate rent and temporary accommodation, as well as to ensure viability without need of subsidy/grant (which would reduce the funding available to pay the Levy).

4.10 **Disposal via a lease to a third party with a leaseback to a Council controlled organisation**

This option could be considered in relation to disposal back to WCH or disposal back to a subsidiary of WCH or a WOC. The disposal to a third party before leaseback would remove the problem in relation to the five dwelling annual limit where the disposal is direct to a Council controlled organisation. This option has the further attraction that the Council could re-acquire the dwellings at the end of the lease term, if so desired, albeit that to ensure that sufficient funds are generated to pay the levy this is likely to be in 40 to 60 years. This option involves no change in control of WCH. However, it does involve a significant amount of work and modelling to establish the viability, accounting arrangements and ensure legality.

4.11 **Conclusion on Strategy for Disposal of Higher Value Voids**

The above discussion is speculative and no further work on disposal options may usefully be undertaken until at least some of the details that will feed into the calculation of the Levy are released by central government.

Appendix F

Key achievements in the last 12 months

Achievements in the past year have included:

- Appointment of Peter Brett Associates to develop a detailed master delivery plan of Church Street
- Preparation of an Outcomes Framework for Church Street to guide decisions of projects within the programme to ensure that the goal of transforming the neighbourhood is met
- Appointment of BDP to design the Green Spine in Church Street
- Opening a programme office in Church Street, appointment of a new Chair to the Futures Steering Group and its reorganisation
- Completion of the homes at Orchardson Street and their letting to local families
- Commercial agreement with London and Newcastle/Bouygues (now called 'LinkCity') to deliver 157 new homes at Luton Street. (Planning permission to be sought in December 2016 and work to begin late 2017.)
- Completion of the new nursery scheme at Tresham Crescent, using modular construction, work commenced on the new market stores at Venables Street to facilitate the development at Luton St.
- Work began on the redevelopment of Tollgate Gardens working with Affinity Sutton and Keepmoat. This includes demolition of exiting low rise blocks, refurbishment of the retained tower block and a new community centre
- Development of revised proposals for Ebury Bridge estate to deliver a commercially viable scheme that delivers the promises made to residents
- Community engagement programme with residents on all regeneration estates and work with GLA to secure additional investment in housing regeneration and provide empirical evidence for what works in housing regeneration
- Agreement reached with Soho Housing Association to transfer Wainwright House at Ebury Bridge estate to the Council (legal transfer achieved June 2016)

- Funding and launch of the Westminster Home Ownership Accelerator, a new intermediate housing scheme jointly developed with Dolphin Square Foundation to help eligible household build up a deposit towards moving on into home ownership.
- 213 new social and intermediate affordable homes delivered by housing association partners on a mix of new build sites and through spot purchases.
- £65m paid into the Affordable Housing Fund by developers linked to planning obligations
- Agreement signed with Dolphin Square Foundation for the development of 67 new homes (44 affordable homes) and a new Youth / Community Centre on Lanark Road.
- CityWest Homes service standards re-defined with customers and published.
- New CityWest Homes resident engagement model in-place and first round of meetings completed.
- CityWest Homes complaints management strengthened and satisfaction improving.
- 41 CityWest Homes' staff trained to carry out 'healthy homes' visits, enabling better links with the Council's Public Health team(s).

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City of Westminster

Cabinet Report

Date:	12 December 2016
Classification:	General Release
Title:	Council Tax Discounts (including Council Tax Local Reduction Scheme) and Council Tax Base report
Report of:	City Treasurer
Cabinet Member Portfolio:	Cabinet Member for Finance and Corporate Services
Wards Affected:	All
Policy Context:	Statutory duty to set and collect Council Tax
Key Decision:	Yes
Financial Summary:	<p>The report proposes that:</p> <ul style="list-style-type: none">• the Council Tax discount for second homes remains at 0%• the Council Tax discounts for empty properties, including the discounts that replaced the previous Class A and C Council Tax exemptions, remains at 0%.• a Long Term Empty Property Premium is not introduced.• no categories of “local” discounts will be introduced at this stage.• the Head of Revenues and Benefits is authorised to determine any individual local discount requests in 2017/18 under Section 13A(1)(c) of the Local Government Finance Act 1992.• the Council Tax Base is set at 126,975.59 equivalent Band D properties for 2017/18 for the whole City, 94.16 equivalent band D properties for Montpelier Square and 3,346.26 equivalent band D properties for Queen’s Park.• The existing Council Tax Local Reduction Scheme is retained for 2017/18.

1. Summary

- 1.1 The Local Government Act 2003 provided local authorities with discretion in relation to the level of Council Tax discount for specific categories of Council Tax properties, namely second homes and long term empty properties. It also made provision for a local authority to set its own "local" Council Tax discount categories. The Local Government Finance Act 2012 which came into effect in April 2013 removed several Council Tax empty property exemptions and replaced them with local determined discounts. The Act also enabled local authorities to remove the minimum 10% discount for second homes and to set a local Long Term Empty Property Premium.
- 1.2 This report recommends retaining the same level of Council Tax discounts in 2017/18 as were set in 2016/17.
- 1.3 The Welfare Reform Act 2012 and Local Government Finance Act 2012 replaced the Council Tax Benefit scheme with a locally determined Council Tax Reduction Scheme (also known as a local Council Tax Support Scheme), which is effectively now a type of Council Tax discount. The recommended scheme for 2017/18 is a continuation of the scheme that was originally set by the Council in 2013/14.
- 1.4 The Council Tax Base is calculated in accordance with a nationally prescribed formula and represents the equivalent number of Band D properties within the area. The formula takes account of the number of properties in each band, the number of discounts given for single occupiers, empty dwellings, second homes and other eligible criteria, the prescribed proportions to convert numbers to Band D equivalents, and the estimated collection rate. The relevant regulations were changed from 1 April 2013, to enable the taxbase calculation to include a deduction for the equivalent number of Band D properties relating to the local authority's Council Tax Reduction Scheme. The Council Tax Base must be determined and be notified to the Greater London Authority (GLA) and the levying bodies. As in the past, these notifications must be made by 31 January.
- 1.5 The calculations as detailed in Appendices 1 and 2 confirm a figure of 126,975.59 equivalent Band D properties for the whole City, 94.16 Band D equivalent properties for Montpelier Square and 3,346.26 Band D equivalent properties for Queens Park. The Queen's Park Community Council was created on 1st April 2014 under the Council's Reorganisation of Community Governance Order 2013. The Queen's Park Community Council is a precepting authority for the purposes of Part 1 of the Local Government Finance Act 1992.
- 1.6 The taxbase calculation is based on the assumption that the recommendations in the report in relation to the level of Council Tax discounts and the Council Tax Reduction Scheme are adopted.

2. Recommendations

- 2.1 That the Cabinet recommend that the Council approve the following recommendations for the financial year 2017/18:-
- (i) that the Council Tax discount for second homes remains at 0%
 - (ii) the Council Tax discounts for empty properties, including the discounts that replaced the previous Class A and C Council Tax exemptions, remain at 0%.
 - (iii) that a Long Term Empty Property Premium is not introduced
 - (iv) that no new categories of “local” discounts be introduced at this stage
 - (v) that the Head of Revenues & Benefits be delegated authority to determine any individual local discount applications from vulnerable Council Taxpayers received during the course of the 2017/18 financial year under section 13A(1)(c) of the Local Government Finance Act 1992.
- 2.2 That the Cabinet recommend that the Council approve the same Council Tax Reduction Scheme for 2017/18 which has operated successfully since 2013/14. The scheme is based on the Default Scheme Regulations but with War Disabled Pensions, War Widow, Pensions and Armed Forces Compensation scheme payments disregarded in full when calculating a claimant’s income.
- 2.3 That the Cabinet recommended to the Council to resolve that the Council Tax Base for 2016/17 for the Whole City is 126,975.59 equivalent Band D properties, for Montpelier Square alone 94.16 equivalent Band D properties and for Queen’s Park 3,346.26 equivalent Band D properties.
- 2.4 That the Cabinet recommended to the Council to resolve that the figures set out in paragraph 2.3 above for the Council Tax Base for 2017/18 be used by the Council to make a determination pursuant to the requirements of the Local Government Finance Act 1992.

3. COUNCIL TAX DISCOUNTS

3.1 LEGISLATION

- 3.1.1 The Local Government Act 2003 provided local authorities with discretion in relation to the level of Council Tax discount for specific categories of Council Tax properties, namely second homes and long term empty properties. It also made provision for a local authority to set its own “local” Council Tax discount categories.
- 3.1.2 The Local Government Finance Act 2012 which came into effect in April 2013 removed several Council Tax empty property exemptions and replaced them with local determined discounts. The Act also enabled local authorities to remove the minimum 10% discount for second homes and to set a Long Term Empty Property Premium.

3.1.3 The Welfare Reform Act 2012 and Local Government Finance Act 2012 replaced the Council Tax Benefit scheme with a locally determined Council Tax Reduction Scheme (also referred to as a local Council Tax Support Scheme), which is effectively now a type of Council Tax discount.

3.2 SECOND HOMES

3.2.1 A second home in Council Tax terminology is a furnished property which is not one's sole/main residence.

3.2.2 The original Council Tax legislation prescribed that all local authorities had to give a discount of 50% for "second home" properties. However, the Local Government Act 2003 provided local authorities with the discretion to change the level of discount to less than 50%, but set a minimum discount level of 10%. The Local Government Finance Act 2012 subsequently allowed the minimum discount to be reduced to 0%.

3.2.3 The relevant regulations include exclusions to the local authority discretion in relation to second home properties. The main exclusion being that local authorities are not able to amend the level of discount for the second homes of people who are liable for Council Tax on this, or another property, where either property is provided by an employer (tied accommodation). This means that the Council must continue to give a 50% discount for second homes meeting this criteria. A local authority also cannot amend the 50% level of the second home discount for any dwelling that consists of a pitch occupied by a caravan, or a mooring occupied by a boat.

3.2.4 For each financial year since 2013/14 the City Council has previously decided that the second home discount should be set at 0%. It is recommended that the City Council retains the same 0% discount in 2017/18, as a decision to set a higher level of discount would reduce the Council's income.

3.3 EMPTY PROPERTIES

3.3.1 Prior to 1 April 2013, all Council Tax empty properties fell under one of the following three categories:-

- Class A Exemption

If the property was empty and subject to major repair works / structural alterations it was exempt from Council Tax for 12 months.

- Class C Exemption

An exemption from Council Tax was granted for the first 6 months after a property became empty.

- Long-Term Empty Property Discount

This was a locally determined Council Tax discount for the period after a Class A or Class C Exemption had expired. The Council had set a 0% discount level which meant that the owners paid the full Council Tax charge.

3.3.2 The Local Government Finance Act 2012 amended the relevant legislation so that the statutory exemptions referred to above (Class A and Class C) were replaced by locally determined discounts from 1 April 2013.

3.3.3 Since the 2013/14 financial year the City Council has determined that a 0% discount should be set for

- a) The empty property discount which replaced the Class A exemption
- b) The empty property discount that replaced the Class C exemption
- c) The empty long-term property discount

3.3.4 It is recommended that the City Council retains the same 0% discount for each of the three categories of empty property discount referred to in 3.3.3. The recommendation being based on the fact that any increase in the level of discount will reduce the Council's income.

3.4 LONG TERM EMPTY PROPERTY PREMIUM

3.4.1 The Local Government Finance Act 2012 allows local authorities to set a Long-Term Empty Property Premium for properties that have been empty for at least 2 years. The premium can be set at up to 150% of the standard Council Tax for the relevant Council Tax band.

3.4.2 A Long-Term Empty Property Premium has not previously been implemented by the City Council and it is not proposed to implement a premium in 2017/18 for the 250 properties in the borough which meet the relevant legislative criteria.

3.4.3 The City Council considers that the introduction of a Premium would not have any tangible effect on the number of empty properties in the borough. This is because Westminster Council contains some of the most expensive real estate in the country and has the lowest Council Tax. Therefore, an annual additional charge of 50% would be unlikely to influence how an owner of a long-term empty property utilised their property.

3.4.4 The City Council is aware that some local authorities who have implemented the Premium have reported a reduction in the number of long-term properties in their area. However, the City Council believes that these reductions are likely to be related to owners simply not reporting empty properties and the fact that the premium is very easy to avoid, rather than a genuine reduction in the number of empty properties.

3.4.5 In the current financial climate the Council must consider the additional source of income that the Long Term Empty Property Premium could provide. Westminster's low level of Council Tax means that the level of additional income from the introduction of a Premium will be limited. It has been estimated that the introduction of a premium in Westminster, would generate approximately £50,000 in additional income for the City Council. This figure could however reduce if the Council had to deploy additional resources to

administer the premium (i.e. to deal with additional correspondence, legal challenges and increased recovery action).

- 3.4.6 In addition to the above, the City Council has an objective of being a low tax authority, we must therefore be satisfied that there are real tangible benefits from the imposition of any additional charges on our residents. It is recognised that Council Tax is a tax rather than a payment for services, however, there is clearly a level of unfairness in increasing the Council Tax for owners of empty properties when the owners consume a very low level of Council services. The Council also believes that there needs to be clear justification for any form of intervention in the property market.

3.5 LOCAL COUNCIL TAX DISCOUNTS

- 3.5.1 Section 13A (I) (c) of the Local Government Act 2003 allows a local authority the discretion to create its own “local” Council Tax discounts for local situations which are not already covered by the national statutory discounts. The guidance gives the example of a local discount for properties affected by flooding.
- 3.5.2 Local discounts granted under Section 13A (I) (c) have to be fully funded by the local authority.
- 3.5.3 The Council did not receive any submissions relating to categories of “local” discounts for the 2013/14, 2014/15, 2015/16 financial years and to date, has not received any submissions for the 2016/2017 financial year. It is therefore a recommendation of this report that no categories of “local” discounts are introduced at this stage.
- 3.5.4 Section 3.6 of this report relates to the Council’s localised Council Tax Reduction scheme. Prior to 1 April 2013 vulnerable claimants could ask for extra assistance over and above their Council Tax Benefit entitlement through Discretionary Housing Payments (DHPs). From 1 April 2013, DHPs are no longer available under the legislation to assist with Council Tax. It was determined for each financial year since 2013/14 that the Head of Revenues & Benefits would be authorised to determine any individual applications from vulnerable claimants for additional assistance under the Local Discount provisions. To date in 2016/17 there have been no successful applications. It is recommended that the delegation to the Head of Revenues and Benefits to determine individual applications is retained for 2017/18.

3.6 COUNCIL TAX REDUCTION SCHEME

- 3.6.1 The Local Government Finance Act 2012 replaced the Council Tax Benefit scheme with a new locally determined Council Tax Reduction Scheme (also known as a local Council Tax Support scheme) from April 2013. This is effectively now a Council Tax discount.
- 3.6.2 Each local authority is required to annually set a local Council Tax Reduction scheme for working age claimants. The government continues to operate a statutory national scheme for pensioners, which provides them with the same

level of Council Tax Support as they received under the previous Council Tax Benefit scheme.

- 3.6.3 The local Council Tax Reduction scheme was initially funded through a specific central government grant set at 90% of each local authority's Council Tax Benefit expenditure. The government funding since 2014/15 has been rolled into the government's overall RSG settlement.
- 3.6.4 Since 2013/14, the City Council has agreed a Council Tax Reduction scheme which mirrored the previous Council Tax Benefit scheme, i.e. the City Council absorbed the government's 10% funding cut and did not pass the cut on to the borough's working age claimants. Technically this means that the Council Tax Reduction Schemes (Default Scheme) Regulations are mirrored within the City Council's local scheme, with the addition that War Disabled Pensions, War Widow, Pensions and Armed Forces Compensation scheme payments are disregarded in full when calculating a claimant's income.
- 3.6.5 It is recommended that the Council should retain the same Council Tax Reduction Scheme in 2017/18.
- 3.6.6 The Council has in previous years conducted two consultations on the Council's website in relation to the Council Tax Reduction scheme. The results were limited, but the vast majority of responses were positive.
- 3.6.7 There is no statutory requirement to consult residents where there is no change to a Council's existing scheme. The Council has however consulted with the GLA and has discussed the continuation of the current scheme with local advice agencies. In both cases the Council received no negative feedback.

4. COUNCIL TAXBASE

4.1 BACKGROUND

4.1.1 The Council is required for Council Tax purposes to notify the preceptors and levying bodies of the Council Tax Base.

4.1.2 The position is that:-

- a) the Council has to notify the preceptors and levying bodies of the Council Tax Base by 31 January each year,
- b) the appropriate figure must be calculated using the Valuation List and Council Tax records as at 30 November.

4.2 THE CALCULATION OF THE TAXBASE

4.2.1 The calculation of the Council Tax Base is by way of a statutory prescribed formula, which is set out at Appendix 1. The legislation changes relating to the new Council Tax Reduction Scheme resulted in a change to the formula for 2013/14 onwards (The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012). The change being that an estimate of the

number of Band D equivalents relating to the Council Tax Reduction scheme has to be deducted. This amendment means that local authority taxbases from 2013/14 onwards are significantly lower than in previous years. However, the reduction was initially compensated for by a new Council Tax Support grant, which the government calculated based on 90% of the Council's previous Council Tax Benefit expenditure. The grant has subsequently been rolled into the government's overall RSG funding.

- 4.2.2 Appendix 2 shows details of the distribution of properties by Band, and the calculated equivalent Band D properties (known as the "relevant amount") within each Band after applying the formula.
- 4.2.3 To calculate the Council Tax Base the "relevant amount" figures for each Band have been aggregated and then adjusted to take account of the estimated collection rate and Ministry of Defence properties. The collection rate used in the calculation remains at the existing level of 96%.
- 4.2.4 The Council Tax Base is, for the whole of the City for 2017/18, 126975.59 equivalent Band D properties, for Montpelier Square 94.16 equivalent Band D properties and for Queens Park is 3346.26 equivalent Band D properties.
- 4.2.5 The Tax Base calculation is based on the assumption that the recommendations in this report in relation to the level of Council Tax discounts (including the Council Tax Reduction Scheme) are approved.

5 FINANCIAL IMPLICATIONS

- 5.1 The 2017/18 tax base shows a growth of 1.4% when compared with the 2016/17 tax base. The growth being due to an overall increase in the total number of properties and a reduction in Council Tax allowances and the element of the calculation relating to the Council's Council Tax Reduction (Council Tax Support) scheme. The growth will deliver around £705,000 in additional Council Tax income in 2017/18 which has been built into the medium term financial planning assumptions.
- 5.2 The Council's decision in 2013/14 to implement a Council Tax Reduction Scheme which mirrored the previous Council Tax Benefit Scheme, effectively meant that the Council had to absorb the government's 10% cut in funding for the Council Reduction Scheme arrangements. However, the increased Council Tax income derived from the Council Tax discount changes implemented in 2013/14 more than covered the shortfall. This remains the case in 2017/18.
- 5.3 The Business Rate Retention scheme introduced within the Local Government Finance Act 2012 replaced the previous Formula Grant scheme from 1 April 2013. The Retention scheme Funding Baseline is not scheduled to be recalculated until the next scheme Reset in 2020. This effectively means that changes in the Council's Tax Base will have no direct effect on the Council's grant funding position until at least 2020.

- 5.4 On 1st October 2013 the Council made the City of Westminster (Reorganisation of Community Governance) Order 2013. This created a new parish of Queens Park from 1st April 2014. The Queen's Park Community Council was elected on 22nd May 2014 and became a precepting authority. The Queens Park taxbase of 3,346.26 equivalent Band D properties will result in an overall Council Tax income for the Community Council in 2017/18 (based on the existing precept level) of around £148,600, assuming that there is no change in their Band D amount. This compares with a figure of £145,150 in 2016/17.

6. LEGAL IMPLICATIONS

- 6.1 The legal implications are outlined in the body of the report. There have been no relevant changes in legislation since last year's report.

The legal implications have been verified by Rhian Davies, Chief Solicitor.

7 WARD MEMBERS COMMENT

- 7.1 As this report relates to all wards, no ward member consultation was required.
- 7.2 The ward members for Queens Park were originally consulted as part of the City of Westminster (Reorganisation of Community Governance) Order 2013.

8 OUTSTANDING ISSUES

- 8.1 There are no outstanding issues.

9. REASONS FOR DECISION

- 9.1 The taxbase decision is sought in order that the Council complies with the requirements of the Local Government Finance Act 1992.
- 9.2 The retention of the same levels of Council Tax discount, for empty properties and second homes will continue to deliver additional Council Tax income for the Council without disadvantaging any vulnerable members of the community.
- 9.3 The recommendation not to create any categories of local discounts at this stage is based on the fact that to date no submissions have been received. The recommendation to allow the Head of Revenues and Benefits to continue to determine any individual local discount claims will enable assistance to be given to individual vulnerable Council Taxpayers if required, especially as there is no longer the ability for taxpayers to claim Discretionary Housing Payments (DHP) in relation to their Council Tax liability.
- 9.4 The Council's proposed Council Tax Reduction Scheme will ensure that the government's 10% funding cut is not passed on to the borough's working age claimants.

9.5 The recommendation to not introduce the Long Term Empty Property Premium is proposed on the basis that

- the owners of empty properties consume low levels of Council services
- the introduction of a Premium in Westminster will not influence how an owner of a long term empty property utilises his property.
- the level of potential additional income is relatively small and could be offset by additional administration costs.

10. BACKGROUND PAPERS

10.1 There are no additional background papers.

IF YOU HAVE ANY QUESTIONS ABOUT THIS REPORT PLEASE CONTACT PHIL BLACK, CONTRACTS PERFORMANCE MANAGER, ON EXTENSION 2678 OR BY E-MAIL pblack@westminster.gov.uk OR MARTIN HINCKLEY HEAD OF REVENUES & BENEFITS, ON EXTENSION 2611 OR BY E-MAIL mhinckley@westminster.gov.uk

Appendix 1 - Taxbase Formula

Appendix 2 - Taxbase Calculations for 2017/18

APPENDIX 1.

Formula for calculating the Council Tax Base.

For 2017 / 2018 the “relevant amount” for each band is to be calculated in accordance with the formula:

$$((H - Q + E + J) - Z) \times F / G$$

where :

H is the number of chargeable dwellings on the list on the relevant day, (30 November 2016) less an estimate of the number which are exempt.

For these purposes the authority is to take account of any alterations to the list which were shown as having effect on that day, or of any alterations which, though not shown on the list, the authority has been informed of by the listing officer and had effect on that day. The authority is also to take account of the effect of the regulations under section 13 of the 1992 Act (“disabled reductions”), treating a dwelling as being in the band in respect of which the reduced amount is calculated.

Q is a factor to take account of the discounts to which the amount of council tax payable was subject on the relevant day based on the relevant discount percentage (s).

E is an adjustment to reflect any Council Tax Premium for long term empty properties.

J is an adjustment (positive or negative) in respect of changes in the number of chargeable dwellings or discounts or premiums during the period from the relevant day (i.e. 30 November 2016) to 31 March 2018 calculated as the difference between:

- (i) an estimate of the number of full year equivalent chargeable dwellings not on the list on the relevant day (30 November 2016) but which will be listed in that band for the whole or part of the year, plus
- (ii) an estimate of discounts which are estimated to be applicable on the relevant day, but which will not be applicable for the whole or part of the year, expressed as a full year equivalent number, based on the relevant discount percentage (s).
- (iii) an estimate of the aggregate of the number of chargeable dwellings which are on the list on the relevant day, but which will not be during the year, or part of the year, and the number which are not exempt on the relevant day, but which will be during the year or part of the year, plus
- (iv) the authority’s estimate of the number of discounts, other than those in the formula above, to which Council Tax dwellings calculated for item (H) in the formula above, will be subject for the whole or part year (based on the relevant discount percentage (s)).

Z is the total amount that the authority estimates will be applied pursuant to the authority's council tax reduction scheme in relation to the band, expressed as an equivalent number of chargeable dwellings in that band.

F is the amount of Council Tax payable in respect of dwellings situated in the same billing authority's area (or the same part of such an area) and listed in different valuation bands in the following proportions :-

5 : 6 : 7 : 8 : 9 : 11 : 13 : 15 : 18

where 5 is for band A (Disabled), 6 is for band A, 7 is for band B etc.

G is the number applicable to band D (i.e. 9).

Full Year Equivalent.

Where an authority estimates that discounts / exemptions etc. will apply for only part of the year, or that the dwelling will only be banded for part of the year, the full year equivalent must be calculated for the purposes of the above formula. This will be the number of days for which the dwelling is banded / exempt etc. divided by the number of days in the year.

Appeals.

For the purpose of calculating the Tax Base an authority may estimate the number of appeals against banding that may have an effect on the number of properties within each band.

Council Tax Base.

In order to calculate the Council Tax Base, the "relevant amount" for each band is aggregated and the sum multiplied by the Council's estimated collection rate. An adjustment is made to this figure in respect of MOD property in the area.

MOD Adjustment.

This adjustment is an amount, estimated to be equivalent to the number of Band D dwellings, in respect of where a contribution in lieu of Council Tax is to be made by the Ministry of Defence for Class O (exempt) dwellings.

APPENDIX 2.

TAXBASE FOR THE WHOLE CITY.

DISTRIBUTION OF PROPERTIES BY BAND AS AT 30.11.16 FOR THE WHOLE CITY.		EQUIVALENT BAND "D" PROPERTIES FOR EACH AFTER APPLYING THE FORMULA $((H - Q + E + J) - Z) \times F / G$	
1			
BAND A :	1730	BAND A :	966.50
BAND B :	6817	BAND B :	4266.50
BAND C :	15932	BAND C :	12124.67
2 BAND D :	22691	BAND D :	19816.25
BAND E :	22702	BAND E :	24371.11
BAND F :	17425	BAND F :	22250.94
BAND G :	22480	BAND G :	33761.25
BAND H :	15250	BAND H :	28657.50
Total :	125027	Total :	

Less Z - $(9,645,942.39/668.81) = 131792.18$
X Collection Rate (96%) = 126,520.49
Plus MOD Adjustment +455.10

3 TAXBASE = 126,975.59

APPENDIX 2.

TAXBASE FOR THE WHOLE CITY LESS MONTPELIER SQUARE.

DISTRIBUTION OF PROPERTIES BY BAND AS AT 30.11.16 FOR THE WHOLE CITY.	EQUIVALENT BAND "D" PROPERTIES FOR EACH AFTER APPLYING THE FORMULA $((H - Q + E + J) - Z) \times F / G$
4 BAND A : 1730	BAND A : 966.50
BAND B : 6817	BAND B : 4266.50
BAND C : 15932	BAND C : 12124.67
5 BAND D : 22690	BAND D : 19815.25
BAND E : 22702	BAND E : 24371.11
BAND F : 17425	BAND F : 22250.94
BAND G : 22477	BAND G : 33756.67
BAND H : 15202	BAND H : 28565.00
Total : 124975	Total : 146,116.64

Less Z - (9645942.39/668.81) = 131694.09
X Collection Rate (96%) = 126426.33
Plus MOD Adjustment + 455.10

6 TAXBASE = 126,881.43

APPENDIX 2.

TAXBASE FOR MONTEPELIER SQUARE ONLY.

DISTRIBUTION OF PROPERTIES BY BAND AS AT 30.11.14 FOR THE WHOLE CITY.			EQUIVALENT BAND "D" PROPERTIES FOR EACH AFTER APPLYING THE FORMULA $((H - Q + E + J) - Z) \times F / G$		
7	BAND A :	0	BAND A :	0	
	BAND B :	0	BAND B :	0	
	BAND C :	0	BAND C :	0	
8	BAND D :	1	BAND D :	1.00	
	BAND E :	0	BAND E :	0	
	BAND F :	0	BAND F :	0	
	BAND G :	3	BAND G :	4.58	
	BAND H :	48	BAND H :	92.50	
	Total :	52	Total :	98.08	

Less Z = - 0
Plus MOD Adjustment = + 0
X Collection Rate (96%) = 94.16

9 TAXBASE = 94.16

APPENDIX 2.

TAXBASE FOR QUEENS PARK PARISH.

DISTRIBUTION OF PROPERTIES BY BAND AS AT 30.11.16 FOR QUEENS PARK PARISH.	EQUIVALENT BAND "D" PROPERTIES FOR EACH AFTER APPLYING THE FORMULA $((H - Q + E + J) - Z) \times F / G$
10 BAND A : 60	BAND A : 31.00
BAND B : 263	BAND B : 174.81
BAND C : 804	BAND C : 611.11
11 BAND D : 1935	BAND D : 1704.75
BAND E : 1884	BAND E : 2090.00
BAND F : 212	BAND F : 285.64
BAND G : 26	BAND G : 36.67
BAND H : 3	BAND H : 6.00
Total : 5187	Total : 4939.97

Less Z $-(1037208.25/713.21) = 3485.69$
X Collection Rate (96%) = 3346.26
Plus MOD Adjustment + 0

12 TAXBASE = 3,346.26
