



City of Westminster

# Committee Agenda

Title: **Shareholder Committee**

Meeting Date: **Monday 27th November, 2023**

Time: **2.00 pm**

Venue: **18.06, 18<sup>th</sup> Floor, 64 Victoria Street, SW1E 6QP**

Members: **Councillors:**

Liza Begum  
David Boothroyd  
Adam Hug

Matt Noble  
Tim Roca



**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. If you have a disability and require any special assistance please contact the Committee Officer (details listed below) in advance of the meeting.**

**Part 2 of the Agenda will concern matters under Section 100 (A) (4) and/or Part 1 of Schedule 12A to the Local Government Act 1972 (as amended), as per paragraph 3. The public and press will be excluded from the meeting for this item of business because it involves the likely disclosure of exempt information, most notably commercially sensitive information.**

**If required, the Committee may resolve to exclude the press and public from any other part of the meeting should any specific item of business so require on the grounds that discussions may involve the likely disclosure of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972 (as amended). Some reports on the agenda may include confidential information which is exempt from publication. The Committee may need to discuss this information in private session before any necessary decisions are taken afterwards, in public session.**



**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, Emma Davies.**

**Email: [edavies1@westminster.gov.uk](mailto:edavies1@westminster.gov.uk)**

**Corporate Website: [www.westminster.gov.uk](http://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 1, guidance on declarations of interests is included in the Code of Governance; if Members and Officers have any particular questions they should contact the Monitoring Officer in advance of the meeting please.

## **AGENDA**

### **PART 1 (IN PUBLIC)**

- |  |                        |
|--|------------------------|
| <b>1. WELCOME AND DECLARATIONS OF INTEREST</b>                       |                        |
| <b>2. MINUTES</b>  | <b>(Pages 3 - 6)</b>   |
| To approve the minutes of the meeting held on 24 July 2023           |                        |
| <b>3. WESTMINSTER BUILDS- MID YEAR REVIEW</b>                        | <b>(Pages 7 - 30)</b>  |
| <b>4. WESTMINSTER BUILDS - APPOINTMENT OF INTERIM DIRECTOR</b>       | <b>(Pages 31 - 32)</b> |
| <b>5. WESTMINSTER COMMUNITY HOMES - APPOINTMENT OF BOARD MEMBERS</b> |                        |
| <b>6. WESTMINSTER COMMUNITY HOMES - MID YEAR REVIEW</b>              |                        |
| <b>7. PART 2<br/>WESTCO - MID YEAR REVIEW</b>                        | <b>(Pages 33 - 40)</b> |
| <b>8. ANY OTHER BUSINESS</b>   |                        |

**Stuart Love  
Chief Executive  
16 November 2023**

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|    |   |
|----|---|
|    | <b>MINUTES</b>  |
|    | <p>Shareholder Committee</p> <p><b>MINUTES OF PROCEEDINGS</b></p> <p>Minutes of a meeting of the Shareholder Committee held on 24 July 2023 City Hall.</p> <p>Members Present: Councillors Adam Hug (Chair), David Boothroyd, Matt Noble, Liza Begum</p> <p>Members Absent: Councillor Tim Roca</p> <p>Officers present: Lyndsey Gamble, Jake Bacchus, Pedro Wrobel, Richard Cressey, Nick Porter-Ch'ng (Clerk)</p>   |
| 2. | <p><b>MEMBERSHIP</b></p> <p>There were no changes to the membership of the Shareholder Committee.</p>   |
| 3. | <p><b>DECLARATIONS OF INTEREST</b></p> <p>There were no declarations of interest.</p>   |
| 4. | <p><b>MINUTES</b></p> <p><b>RESOLVED:</b> Councillor Adam Hug, with the consent of the Members present, agreed that the minutes of the meeting held on 27 March were a true and correct record of the proceedings.</p>  |
| 5. | <p><b>NOTICE OF PRIVATE PART OF MEETING</b></p> <p>Part II of the Agenda will concern matters under Section 100 (A) (4) and/or Part 1 of Schedule 12A to the Local Government Act 1972 (as amended), as per paragraphs 1 and 3. The public and press will be excluded from the meeting for this item of business because it involves the likely disclosure of exempt information, most notably commercially sensitive information.</p> <p><b>RESOLVED:IT WAS RESOLVED TO HOLD THE REST OF THE MEETING IN PRIVATE SESSION UNDER PART II.</b></p> |
| 6. | <p><b>WESTMINSTER BUILDS BUSINESS PLAN REVIEW 23-24</b></p> <p><b>James Green was present at Committee</b></p> <ul style="list-style-type: none"> <li>• Cllr Adam Hug welcomed James Green to the meeting</li> <li>• Mr. Green asked the the report is noted and that they continue to develiver the plan which is approaching 100% occupancy</li> </ul>  |

|    |  |
|----|--|
|    | <ul style="list-style-type: none"> <li>• They continue to secure a deed of declaration and noted that any future acquisitions will require shareholder approval</li> <li>• Whilst the position of company chair is vacant the board remains quorate. However. Mr Green noted that Westminster Builds would welcome support from the council in acquiring a Chair</li> <li>• Mr. Green recommended securing a strategic oversight board</li> <li>• Jake Bacchus gave a financial aspect report as Finance Director</li> <li>• He talked to corporation tax liabilities and that the company is in a profit position</li> <li>• He noted that achieving registered provider provision would reduce the level of interest payments and lessen the risk of exposure</li> <li>• Cllr Hug asked if paying off loans was the wisest use of the profits gained. Mr. Bacchus responded that loans would only be paid off if it maximised value for the council</li> <li>• Cllr Hug asked what Westminster Builds needs from the committee in assigning a new chair, potential board members and directors for registered provider status. Cllr Noble said that names would be provided as soon as possible.</li> </ul>  |
| 7. | <p><b>WESTMINSTER COMMUNITY HOMES BUSINESS PLAN REVIEW 23-24</b></p> <p><b>Neil Tryner was present at Committee</b></p> <ul style="list-style-type: none"> <li>• Neil Tryner introduced the report, noting that there are three distinct matters: board member recruitment, management plan for the team in line with registered provider status, and WCH are seeking a steer from the committee for workstreams in the future</li> <li>• Westminster community Homes is recruiting for a new board member and they have their focus areas for a management plan: be an outstanding landlord, build more homes, contribute to the city and its regeneration activity, and support the city in any other activities</li> <li>• with the changes at Chief Officer Level, Neil noted that change had been slower than anticipated but also noted that the priority of acquiring temporary accommodation remained a priority and this was agreed with by Cllr Hug</li> <li>• Cllr Noble wanted to express his gratitude to Neil and WCH for their helpful work with Ebury and their assistance</li> <li>• Cllr Begum asked how they would measure their successes against their four point management plan. Mr. Tryner responded that there was a detailed management plan that answered what 'good' looks like and they have internal governance that ensures compliance</li> <li>• Mr. Cressey asked if accounts could be shared, but Mr. Tryner said these would be shared after Audit committee</li> </ul> |

|     |  |
|-----|--|
| 8.  | <p><b>WESTCO BUSINESS PLAN 23-24</b></p> <p><b>Lyndsey Gamble and Simon Jones (virtual) were present at the Committee:</b></p> <ul style="list-style-type: none"> <li>• Lyndsey Gamble introduced the report noting new business developments over the past year and whilst difficulties have been experienced, this has been felt across the industry and there have been positive signs of growth, with the company experiencing its strongest start to a financial year in at least six years</li> <li>• Mr. Jones explained that there were expected expansions with different organisations</li> <li>• Cllr Hug noted the difficulties faced by Westco and asked for greater clarity on the seasonal aspect of the revenue and asked for more granular figures. Ms. Gamble said she was currently working on this and would provide it to the committee when it was completed</li> <li>• DB asked how staff retention was during a time of uncertainty. Mr. Jones explained that with uncertainty it will always impact morale but some staff have been able to get greater pay and renegotiate. He said that they continue to work to find solutions and a better situation</li> </ul> |
| 10. | <p><b>WORK PROGRAMME</b></p> <ul style="list-style-type: none"> <li>• The Shareholder Committee noted the work programme for its upcoming 2023 meetings.</li> </ul>  |
| 11. | <p><b>ANY OTHER BUSINESS</b></p> <p>No other business was noted.</p>   |

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City of Westminster

## Shareholder Committee Report

**Decision Makers:**

*Shareholder Committee*

**Date:**

27 November 2023

**Classification:**

General release except for Appendix 2 which is exempt from disclosure as it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972.

**Title:**

Westminster Builds Mid-Year Update.

**Wards Affected:**

All

**Fairer Westminster  
Summary:**

Fairer Housing – Delivering more truly affordable homes.

**Key Decision:**

No

**Financial Summary:**

Accounts for 2022/23 have been audited and finalised. Westminster Builds remains a going concern with planned acquisitions for 2023/24 bolstering the portfolio of intermediate homes to 106. The company is forecast to make an operational profit of £0.3m in 2023/24

**Report of:**

James Green, Jake Bacchus, – Westminster Builds Directors

## **1. Executive Summary**

- 1.1. Westminster Builds manages 63 intermediate rent homes at the end of September 2023, purchased from Council developments. The company has also overseen, through its joint venture with Linkcity, the successful completion of Luton Street, a development of 171 homes including 62 affordable.
- 1.2. The company expects to manage 106 intermediate homes by the end of 2023/24
- 1.3. Accounts for 2022/23 have been audited and finalised. These are summarised in section 4.
- 1.4. The company is pursuing several workstreams in 2023/24 to improve efficiency and financial position.

## **2. Recommendations**

- 2.1. That the Shareholder Committee is asked to note this report.

## **3. WB Background & Policy Context.**

- 3.1. Westminster Builds (WB) is the trading name of two companies: Westminster Housing Investments Limited (WHIL) and Westminster Housing Developments Limited (WHDL). The Council is the sole shareholder of WHIL, which in turn is the sole shareholder of WHDL. Therefore, WB is wholly owned by the Council, who also provide 100% of the company's funding through a combination of shareholder loans, development and acquisition finance and a working capital loan
- 3.2. WB was set up in 2018 to help increase the delivery of affordable housing to those who live and work in Westminster but cannot afford the cost of housing appropriate to their needs. It gives the Council an additional option when considering how it best delivers the schemes planned within its capital programme.
- 3.3. It enables the Council to embark on schemes which, for example, have a more commercial dynamic to them and to enter into joint ventures and other delivery vehicles, or to hold intermediate and market rental homes in order to diversify the council portfolio of tenures.
- 3.4. Following a director resignation on 30<sup>th</sup> October 2023, the board is currently non-quorate and therefore cannot make decisions. The power to appoint is delegated to the serving directors under the Articles of Association. A new interim director has been appointed and will be formally approved by the Committee via the usual governance method.

## **4. Accounts Update for 2022/23**

- 4.1. The final company accounts for 2022/23 have been finalised and audited. A summary of the profit and loss account for the year is presented below. The full accounts are included in Appendix 1.

4.2. The company returned an operating profit of £0.167m which was broadly in line with the 2022/23 Business Plan forecast of £0.163m. A pre-tax profit of £3.365m was also reported.

**Table 1 – Operational Profit and Loss Account 22/23**

|  | 2023 (£000's) |
|--|---------------|
| Rental Income                              | 455           |
| Misc Income                                | 145           |
| <b>Total Income</b>                        | <b>600</b>    |
| Administrative expenses                    | (433)         |
| <b>Total expenditure</b>                   | <b>(433)</b>  |
| <b>Operating surplus</b>                   | <b>167</b>    |
| Fair value movement in investment property | 3,871         |
| Net Interest                               | (673)         |
| <b>Profit before tax</b>                   | <b>3,365</b>  |
| Corporation Tax                            | (277)         |
| <b>Profit after tax</b>                    | <b>3,088</b>  |

4.3. Acquisition loans provided by WCC are the key driver behind the net interest cost of £0.673m. Also included within this balance are interest income and expenditure relating to funding Luton Street.

4.4. All interest-bearing loans relating to the delivery of Luton Street between LLP and WB and WB and WCC have been repaid in full and therefore do not represent a liability risk for the Council.

4.5. Each year an external property revaluation exercise is undertaken, in accordance with accounting regulations, which leads to a revaluation adjustment in the Profit and Loss. In 2022/23 the value of properties owned by WB increased by £3.871m. This is an accounting adjustment only and is exempt from any potential Corporation Tax.

4.6. Corporation tax of £0.277m is due to be paid to HMRC. This is because of the company's allocation of accounting profit from the Luton Street scheme.

## **5. Update on Key Activities for 2023/24**

5.1. The company has continued to deliver on its business plan commitments and is approaching 100% occupation rates across its intermediate rent portfolio, with 62 of 63 let.

5.2. The legal and financial processes have concluded to transfer eight two bedroom homes at West End Gate back to the Housing Revenue Account to be used as social housing. The company will now see the benefit of reduced interest payments on the original loan.

- 5.3. Final legal processes are now complete on the acquisition of eight one-bedroom homes at West End Gate to be let at London Living Rent levels. These will be advertised through the Homes for Westminster website.
- 5.4. The company will also acquire 35 one-bedroom homes at 300 Harrow Road before the end of 2023. These homes will all be let at London Living Rent.
- 5.5. By the end of 2023/24, the company aims to hold 106 homes in its portfolio.
- 5.6. WB has supported the Council through its review of housing supply and notes that a Cabinet Report is being brought forward to establish a Housing Supply Strategic Board. WB's board will continue support the Council's objectives for delivering truly affordable housing and will await any recommendations relating to the business and operation of the company.
- 5.7. The Shareholder Committee approved a report in March 2023 stating the need for a new registered provider in WB's structure to secure GLA grant for the Council and company. This for-profit registered provider will allow homes built by the Council and managed by Westminster Builds to attract grant, in turn increasing the delivery of affordable housing across Westminster. A new company has been incorporated at Companies House and the application process for registered provider status is underway.
- 5.8. The 2023/24 Business Plan, reflecting on the Truly Affordable Housing Strategy, refocused the primary operation of the company to provision of intermediate rent homes. The Business Plan states a need to streamline overheads to reflect this change. A thorough review of running costs, resourcing requirements and the company's operation has been undertaken and contributed to the current year improved performance highlighted in paragraphs 6.5 and 6.6 below.

## 6. Performance Report – P6 2023/24

- 6.1. As at P6 of 2023/24, the company owned 63 properties. Properties acquired by site are:

**Table 2 – Homes in portfolio**

| <b>Scheme</b>           | <b>Financial year completed</b> | <b>No. of units</b> |
|-------------------------|---------------------------------|---------------------|
| Farm Street             | 21/22                           | 14                  |
| West End Gate (Phase 1) | 21/22                           | 21                  |
| Jubilee                 | 22/23                           | 19                  |
| Parsons North           | 22/23                           | 9                   |
| <b>Total</b>            |                                 | <b>63</b>           |

- 6.2. The company has continued to work closely with WCC Housing who let and manage homes on the company's behalf. WCC Housing attend all WB Board Meetings and provide updates on occupancy levels, as well as any operational issues being encountered. The Board are proactive in assisting to resolve these to ensure occupancy levels are kept at a maximum.

- 6.3. There is generally a lot of positive interest in the Intermediate Rental properties on offer. Since letting commenced in December 2021, 62 properties have been let and occupied by the same residents. The rental levels, location and high specification of build make the properties very popular within the community. Numerous key workers and Westminster residents have benefitted. The first round of 2-year renewals is approaching and every resident has expressed an interest in renewing their tenancies for a further 2 years.
- 6.4. A workstream is underway with WCC Housing to identify key KPIs to report to the Board. This will allow WB to track and assess the impact of indicators such as void periods and rent arrears. An update on this will be reported to the next Shareholder Committee meeting and included in the next iteration of the Business Plan.
- 6.5. The company's business plan budgeted an operational loss of £0.255m in 2023/24. Table 3 shows the profit and loss position as at P6 and the expected full year position of a £0.296m profit, which is an improvement against business plan. This is due to lower interest payments due to direct acquisitions (further details in 6.7 below) and higher bank interest received.
- 6.6. It should be noted that the company is also due a profit of 60% from the LLP for of the sale of homes at the Luton Street development. The final amount of this profit and the taxation implications are still being calculated and considered. The Business Plan assumed a return on investment of £12.390m. The first cash tranche of this profit was received by the company on 27<sup>th</sup> September 2023.

**Table 3 – Operational Profit and Loss – 2023/24**

|                                     | P6 Actual to Date | Full Year    |              |             |
|-------------------------------------|-------------------|--------------|--------------|-------------|
|                                     |                   | Forecast     | Budget       | Variance    |
| Rental Income                       | 415               | 1,011        | 937          | 74          |
| Misc. Income                        | 170               | 288          | -            | 288         |
| <b>Total Income</b>                 | <b>585</b>        | <b>1,299</b> | <b>937</b>   | <b>362</b>  |
| Administrative expenses             | (147)             | (319)        | (394)        | (75)        |
| <b>Total Expenditure</b>            | <b>(147)</b>      | <b>(319)</b> | <b>(394)</b> | <b>(75)</b> |
| <b>Operating Surplus/ (Deficit)</b> | <b>438</b>        | <b>980</b>   | <b>543</b>   | <b>437</b>  |
| Net Interest                        | (332)             | (684)        | (798)        | (114)       |
| <b>Profit/(loss)*</b>               | <b>106</b>        | <b>296</b>   | <b>(255)</b> | <b>323</b>  |

\*Does not include profit from Luton Street LLP

- 6.7. Discussions on how to utilise this profit to minimise future reliance on council financing have been productive. The company intends to purchase homes at 300 Harrow Road using its own internal funds. This is particularly pertinent at a time when interest rates have increased considerably and may result in a non-profitable scheme were WB to borrow from the Council at a rate of c7-8%.

- 6.8. The Business Plan and the Council's capital strategy give flexibility for the company to retain profit to help fund future developments and acquisitions in this way, which will lead to improved performance and increased profit, and consequently, less reliance on Council borrowing.
- 6.9. The company is also considering other debt restructuring options to enable it to maintain its overriding commercial principles. Appendix 2 shows the loans currently outstanding and a demonstration that funds have been used for the outcomes for which they were originally given.
- 6.10. The planned activity demonstrates that the company remains financially viable, and a going concern, over the medium term once it reaches a critical mass of units under management. The company is also exploring further opportunities to acquire completed homes both from WCC and external providers to deliver its obligation to the Council in support of its Fairer Housing priority.
- 6.11. However, ensuring that the company overhead and financing is scaled and structured to meet the needs of the company and controlled where possible is key to that longer term viability. The work undertaken by officers to analyse these costs is evidenced in the improved projected performance by the end of 2023/24.

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

[gnash@westminster.gov.uk](mailto:gnash@westminster.gov.uk)

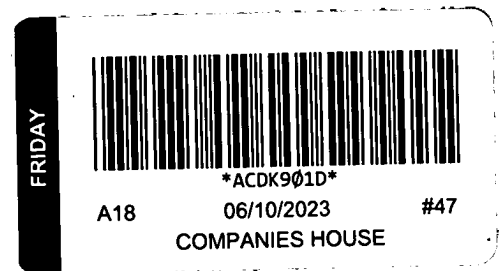
Appendix 1 – 2022/23 Draft Accounts

Appendix 2 – Loan Schedule

**WESTMINSTER HOUSING INVESTMENTS LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2023**



**WESTMINSTER HOUSING INVESTMENTS LIMITED**

**COMPANY INFORMATION**

|                            |  |
|----------------------------|--|
| <b>Directors</b>           | J M Green<br>J J Bacchus (appointed 7 July 2022)<br>J E A Wilkinson (resigned 16 May 2022)<br>N F Wightman                                   |
| <b>Company secretary</b>   | C Tickell<br>K Balogun   |
| <b>Registered number</b>   | 11413846   |
| <b>Registered office</b>   | 13th Floor City Hall<br>64 Victoria Street<br>London<br>England<br>SW1E 6QP  |
| <b>Independent auditor</b> | Cooper Parry Group Limited<br>Statutory Auditor<br>Sky View<br>Argosy Road<br>East Midlands Airport<br>Castle Donington<br>Derby<br>DE74 2SA |



**WESTMINSTER HOUSING INVESTMENTS LIMITED**

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| <b>Statement of changes in equity</b>    | 2      |
| <b>Notes to the financial statements</b> | 3 - 12 |

**WESTMINSTER HOUSING INVESTMENTS LIMITED**  
**REGISTERED NUMBER: 11413846**

**BALANCE SHEET**  
**AS AT 31 MARCH 2023**

|   | Note | 2023<br>£         | 2022<br>£         |
|---|------|-------------------|-------------------|
| <b>Fixed assets</b>                                     |      |                   |                   |
| Tangible assets   | 3    | 11,396            | 10,378,549        |
| Investments   | 4    | 2                 | 2                 |
| Investment property                                     | 5    | 26,159,999        | 9,732,801         |
|   |      | <u>26,171,397</u> | <u>20,111,352</u> |
| <b>Current assets</b>                                   |      |                   |                   |
| Debtors: amounts falling due after more than one year   | 6    | 5,901,159         | 35,272,852        |
| Debtors: amounts falling due within one year            | 6    | 1,554,131         | 380,605           |
| Cash at bank and in hand                                |      | 9,651,126         | 194,616           |
|   |      | <u>17,106,416</u> | <u>35,848,073</u> |
| Creditors: amounts falling due within one year          | 7    | (1,931,901)       | (330,298)         |
|   |      | <u>15,174,515</u> | <u>35,517,775</u> |
| <b>Net current assets</b>                               |      | <u>15,174,515</u> | <u>35,517,775</u> |
| <b>Total assets less current liabilities</b>            |      | <u>41,345,912</u> | <u>55,629,127</u> |
| Creditors: amounts falling due after more than one year | 8    | (38,567,644)      | (55,938,465)      |
|   |      | <u>2,778,268</u>  | <u>(309,338)</u>  |
| <b>Net assets/(liabilities)</b>                         |      | <u>2,778,268</u>  | <u>(309,338)</u>  |
| <b>Capital and reserves</b>                             |      |                   |                   |
| Called up share capital                                 | 10   | 1                 | 1                 |
| Profit and loss account                                 |      | 2,778,267         | (309,339)         |
|   |      | <u>2,778,268</u>  | <u>(309,338)</u>  |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:  
  
**J M Green**  
 Director

Date: 05 October 2023

The notes on pages 3 to 12 form part of these financial statements.

**WESTMINSTER HOUSING INVESTMENTS LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2023**

|                         | <b>Called up<br/>share capital</b> | <b>Profit and<br/>loss account</b> | <b>Total equity</b> |
|-------------------------|------------------------------------|------------------------------------|---------------------|
|                         | <b>£</b>                           | <b>£</b>                           | <b>£</b>            |
| At 1 April 2022         | 1                                  | (309,339)                          | (309,338)           |
| Profit for the year     | -                                  | 3,087,606                          | 3,087,606           |
| <b>At 31 March 2023</b> | <u>1</u>                           | <u>2,778,267</u>                   | <u>2,778,268</u>    |

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2022**

|                         | <b>Called up<br/>share capital</b> | <b>Profit and<br/>loss account</b> | <b>Total equity</b> |
|-------------------------|------------------------------------|------------------------------------|---------------------|
|                         | <b>£</b>                           | <b>£</b>                           | <b>£</b>            |
| At 1 April 2021         | 1                                  | (96,653)                           | (96,652)            |
| Loss for the year       | -                                  | (212,686)                          | (212,686)           |
| <b>At 31 March 2022</b> | <u>1</u>                           | <u>(309,339)</u>                   | <u>(309,338)</u>    |

The notes on pages 3 to 12 form part of these financial statements.

## WESTMINSTER HOUSING INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

#### 1. Accounting policies

Westminster Housing Investments Limited (the "company") is a limited liability company incorporated and domiciled in the United Kingdom. The registered address is disclosed on the company information page.

The financial statements are prepared in Sterling (£), which is the functional currency of the company. The financial statements are for the year ended 31 March 2023 (2022: year ended 31 March 2022).

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland including Section 1A of FRS 102 and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

##### 1.2 Disclosure exemptions

The company has adopted the following disclosure exemptions:

Under FRS 102 Section 1.12, the company is exempt from the requirements to prepare a statement of cash flows on the grounds that the parent Entity of the group, Westminster City Council, includes the company's cash flows in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of an entity whose consolidated accounts include the results of the subsidiary and are publically available, the company has taken advantage of the FRS 102 Section 33.1a exemption from disclosing transactions with group undertakings.

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Westminster City Council. The group accounts of Westminster City Council are available to the public and can be obtained as set out in note 18.

The following principal accounting policies have been applied:

## WESTMINSTER HOUSING INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

#### 1. Accounting policies (continued)

##### 1.3 Going concern

The company acts primarily as an investor in various property development projects located within the City of Westminster which are designed to increase and improve the City's housing provision. At the year end the company had interests in 4 such projects. The company receives its funding for each project via loans from Westminster City Council and their repayment profile is linked to the anticipated date of the sale of housing units, if the loan relates to the building and sale of units, or the anticipated net cashflows from tenants, if the loan relates to the acquisition or construction of properties for rent. Westminster City Council is therefore the primary funder of the company's activities.

At the year end the company's largest investment was conducted via Luton Street Developments LLP, a joint venture with BY Developments Limited for the construction and sale of 109 residential apartments via a fixed sum construction contract with a substantial contractor. At the year end Luton Street Developments LLP owed the company £5.9m (2022: £35.3m) which is included within debtors. The development achieved Practical Completion in August 2022 and the sale of units has commenced with 79 of the 109 units having been sold by the year end. Approximately £29.3m of loan repayments have been received from Luton Street Developments LLP during the year, and the directors anticipate successful sales of the completed project units. From the proceeds of sale the company has repaid approximately £28m of debt owing to Westminster City Council.

Separate loans have been received from Westminster City Council in relation to the acquisition of the 4 apartment blocks referred to above. These loans are repayable over the medium to long term. The ongoing support of Westminster City Council has been confirmed in a Letter Of Support.

The directors carefully monitor each development and its associated cashflows. They also remain in close dialogue with Westminster City Council. Taking all factors into account the directors, at the date of approving these Financial Statements, believe that the company has sufficient resources to meet its obligations as they fall due and that the Financial Statements should be prepared on a going concern basis.

##### 1.4 Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and that the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, Value Added Tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### 1.5 Sale of property

Revenue from the sale of property is recognised upon legal completion. Deposits received from purchasers are held within creditors as deferred income.

## WESTMINSTER HOUSING INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

#### 1. Accounting policies (continued)

##### 1.6 Interest income

Interest income is recognised in the profit and loss account using the effective interest method.

##### 1.7 Taxation

The tax charge for the year comprises of current and deferred tax.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date. The income tax charge will also be affected by estimates and judgements made by management on the availability and allocation of tax losses within the group.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

##### 1.8 Finance costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Where loans are received from shareholders at rates of interest below market rate a notional interest charge, at an estimated market rate is charged to the profit and loss account, with a corresponding entry made as a "Capital contribution" within Shareholders funds. Given the beneficial loans were received by a public-benefit entity, the loan has remained at cost and no interest has been recognised through the profit and loss account.

##### 1.9 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset or specific planning conditions effecting the use of the property and the rents which can be charged. No depreciation is provided. Changes in fair value are recognised in profit or loss.

##### 1.10 Valuation of investments

Investments in subsidiaries and joint ventures are measured at cost less accumulated impairment.

##### 1.11 Assets under construction

Where the company is constructing new accommodation which will be ultimately held for long term rental to tenants, construction costs incurred at the year end are included within assets under construction. Such costs are regularly reviewed for potential impairment.

**WESTMINSTER HOUSING INVESTMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**1. Accounting policies (continued)**

**1.12 Financial instruments**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors and loans to and from related parties.

All financial assets and liabilities are initially measured at transaction price and subsequently at amortised cost.

**1.13 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

**2. Employees**

The company has no employees other than the directors, who did not receive any remuneration (2022: £Nil).

**3. Tangible fixed assets**

|                                 | <b>Asset under<br/>construction<br/>£</b> |
|---------------------------------|---|
| <b>Cost</b>                     |   |
| At 1 April 2022                 | 10,378,549                                |
| Additions                       | 11,396                                    |
| Transfer to investment property | (10,378,549)                              |
| At 31 March 2023                | 11,396                                    |
| <br><b>Net book value</b>       |   |
| At 31 March 2023                | 11,396                                    |
| At 31 March 2022                | 10,378,549                                |

Assets under construction related to costs incurred to date in the construction of 19 housing units at Jubilee Road. In the current year these units were transferred to investment property upon completion and the company started development at a new site, which is currently in its early stages.

## WESTMINSTER HOUSING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

## 4. Fixed asset investments

|                  | Investments<br>in<br>subsidiary<br>companies<br>£ | Investment<br>in joint<br>ventures<br>£ | Total<br>£ |
|------------------|---|---|------------|
| <b>Cost</b>      |   |   |            |
| At 1 April 2022  | 1   | 1                                       | 2          |
| At 31 March 2023 | 1   | 1                                       | 2          |

**Subsidiary and joint venture undertakings**

The following were subsidiary and joint venture undertakings of the company:

| Name                                     | Registered office   | Class of shares | Holding |
|--|---|-----------------|---------|
| Westminster Housing Developments Limited | 13th Floor City Hall, 64 Victoria Street, London, England, SW1E 6QP | Ordinary        | 100%    |
| Luton Street Development LLP             | Becket House, 1 Lambeth Palace Road, London, SE1 7EU                | Ordinary        | 50%     |

Westminster Housing Developments Limited did not trade during the year. Luton Street Development LLP was engaged in the construction of 109 residential units for open market sale. Practical completion of the project was achieved in August 2022 and sales of the units have commenced in the current financial year with the remainder hopefully to be sold in the 2023/2024 financial year.



## WESTMINSTER HOUSING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

## 5. Investment property

|                            | Long term<br>leasehold<br>investment<br>property<br>£ |
|----------------------------|---|
| <b>Valuation</b>           |   |
| At 1 April 2022            | 9,732,801   |
| Additions at cost          | 2,177,875   |
| Surplus on revaluation     | 3,870,774   |
| Transfer from fixed assets | 10,378,549  |
| <b>At 31 March 2023</b>    | <u><u>26,159,999</u></u>                              |

The properties were revalued by the directors during the year after taking professional advice from leading property advisors. The valuations were on an "existing use" basis which reflect that the company's properties are subject to planning obligations which restricts the rents receivable to "intermediate rents" which are set at below open market values.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

|                                  | 2023<br>£                | 2022<br>£               |
|----------------------------------|--------------------------|-------------------------|
| Investment properties cost value | <u><u>22,289,225</u></u> | <u><u>9,732,801</u></u> |

## WESTMINSTER HOUSING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

## 6. Debtors

|  | 2023<br>£        | 2022<br>£         |
|--|------------------|-------------------|
| <b>Due after more than one year</b>    |                  |                   |
| Amounts owed by joint venture entities | 5,901,159        | 35,272,852        |
|  | <u>5,901,159</u> | <u>35,272,852</u> |
|  |                  |                   |
|  | 2023<br>£        | 2022<br>£         |
| <b>Due within one year</b>             |                  |                   |
| Trade debtors                          | 1,161            | 2,354             |
| Amounts owed by group undertakings     | 223,991          | 227,797           |
| Other debtors                          | 919              | 129,133           |
| Prepayments and accrued income         | 62,240           | 21,321            |
| Deferred taxation (notes 8 & 15)       | 1,265,820        | -                 |
|  | <u>1,554,131</u> | <u>380,605</u>    |

## 7. Creditors: Amounts falling due within one year

|                              | 2023<br>£        | 2022<br>£      |
|------------------------------|------------------|----------------|
| Trade creditors              | 111,385          | 79,481         |
| Corporation tax              | 1,542,490        | -              |
| Accruals and deferred income | 278,026          | 250,817        |
|                              | <u>1,931,901</u> | <u>330,298</u> |

## 8. Creditors: Amounts falling due after more than one year

|   | 2023<br>£         | 2022<br>£         |
|---|-------------------|-------------------|
| Amounts owed to parent company (Westminster City Council) | 38,567,644        | 55,938,465        |
|   | <u>38,567,644</u> | <u>55,938,465</u> |

## WESTMINSTER HOUSING INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

#### 8. Creditors: Amounts falling due after more than one year (continued)

The company had entered into an agreement to borrow funds totalling £28m from Westminster City Council in order for the company in turn to provide funds to the joint venture, Luton Street Development LLP, in which the company is a 50% shareholder. At the year end this loan had been repaid in full (2022: £20m outstanding). The loan carried interest at 5.4%.

The company has issued loan notes of £15,187,298 to Westminster City Council, also to assist with the funding of Luton Street Development LLP. The loan notes do not carry interest and are repayable in October 2024. The company has issued security to Westminster City Council over all of its assets in respect of both loans. At 31 March 2023 £15.18m was outstanding (2022: £15.18m).

At the year end the company owed £3,878,000 (2022: £3,670,245) to Westminster City Council in order to assist with the funding of the Jubilee Regeneration Scheme, which is held within investment property. Interest at 5.54% per annum is charged on these loans which are repayable in April 2029.

The company has issued loan notes of £6,558,000 to Westminster City Council, also to assist with the funding of the Jubilee Regeneration Scheme. The loan notes do not carry interest and are repayable in August 2040. At the year end £6,558,000 was outstanding (2022: £6,558,000).

The company has borrowed funds totalling £1.82m from Westminster City Council to assist in the acquisition of the Farm Street properties held within investment properties. Interest at 4.69% per annum is charged on these loans which are repayable in October 2026. At the year end £1.82m was outstanding (2022: £1.82m).

The company has issued loan notes of £980,000 to Westminster City Council, also to assist with the acquisition of the Farm Street properties. The loan notes do not carry interest and are repayable in October 2071. The company has issued security to Westminster City Council over all of its assets in respect of both loans. At the year end £980,000 was outstanding (2022: £980,000).

The company has entered into an agreement to borrow funds totalling £5.9m from Westminster City Council to assist in the acquisition of West End Gate. At the year end funds of £4,565,500 had been drawn against this facility. Interest at 5.25% per annum is charged on these loans and are repayable in January 2072. At 31 March 2022 the balance was £4,565,500.

The company has issued loan notes of £2,404,500 to Westminster City Council, also to assist with the acquisition of the West End Gate properties which are held within investment properties. The loan notes do not carry interest and are repayable in January 2027. The company has issued security to Westminster City Council over all of its assets in respect of both loans. At the year end £2,404,500 was outstanding (2022: £2,404,500).

The company has entered into an agreement to borrow funds up to £2m from Westminster City Council as a working capital facility. At the year end funds of £829,000 had been drawn against this facility (2022: £750,000). Interest at 8% above base rate per annum is charged on these loans which are repayable in March 2027.

The company has borrowed funds totalling £1.52m from Westminster City Council to assist in the acquisition of the Parsons north properties held within investment properties. Interest at 4.76% per annum is charged on these loans which are repayable in April 2072. At the year end £1.52m was outstanding (2022: nil).

The company has issued loan notes of £820,750 to Westminster City Council, also to assist with the acquisition of the Parsons north properties. The loan notes do not carry interest and are repayable in April 2027. The company has issued security to Westminster City Council over all of its assets in respect of both loans. At the year end £820,750 was outstanding (2022: nil).

## WESTMINSTER HOUSING INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

## 9. Deferred taxation

|                           | 2023<br>£               |
|---------------------------|-------------------------|
| Charged to profit or loss | 1,265,820               |
| <b>At end of year</b>     | <u><u>1,265,820</u></u> |

The deferred tax asset is made up as follows:

|                               | 2023<br>£               | 2022<br>£       |
|-------------------------------|-------------------------|-----------------|
| Short term timing differences | 2,233,513               | -               |
| Capital gains/(losses)        | (967,693)               | -               |
|                               | <u><u>1,265,820</u></u> | <u><u>-</u></u> |

## 10. Share capital

|                                     | 2023<br>£       | 2022<br>£       |
|-------------------------------------|-----------------|-----------------|
| <b>Allotted, called up and paid</b> |                 |                 |
| 1 ordinary share of £1.00           | <u><u>1</u></u> | <u><u>1</u></u> |

## 11. Related party transactions

The company has taken advantage of the exemption in FRS 102 and has not disclosed transactions with group undertakings as those transactions are eliminated in the consolidated accounts of the parent company.

## 12. Contingent liabilities

The company has provided an undertaking to Luton Street Development LLP (see note 1.3) to purchase any residential units within the development which remain unsold 12 months after the practical completion date of August 2022. Demands for the units to date has been strong, and although possible, the directors consider it unlikely that any liability will arise.

## 13. Ultimate parent undertaking and controlling party

The company is a subsidiary of Westminster City Council which is the ultimate parent undertaking.

The largest and smallest group in which the results of the company are consolidated is that headed by Westminster City Council. The consolidated accounts of this entity are available to the public and may be obtained from 64 Victoria Street, London, SW1E 6QP.

No other group accounts include the results of the company.

**WESTMINSTER HOUSING INVESTMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023**

**14. Auditor's information**

As the profit and loss account has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006.

The auditor's report was unqualified.

The auditor was Cooper Parry Group Limited.

Peter Sterling signed the auditor's report as Senior Statutory Auditor.

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

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City of Westminster

## Shareholder Committee

|   |  |
|---|--|
| <b>Meeting or Decision Maker:</b>         | Shareholder Committee  |
| <b>Date:</b>                              |  |
| <b>Classification:</b>                    | General Release  |
| <b>Title:</b>                             | Appointment of Timothy Hampton as Interim Director of Westminster Housing Investments Limited (“WHIL”) and Westminster Housing Developments Limited (“WHDL”) |
| <b>Wards Affected:</b>                    | All  |
| <b>Company Affected:</b>                  | WHIL and WHDL  |
| <b>Fairer Westminster/Policy Context:</b> | Good governance of council-owned companies   |
| <b>Key Decision:</b>                      | No   |
| <b>Report of:</b>                         | James Green & Jake Bacchus – Company Directors   |

## **1. Executive Summary**

- 1.1 The Shareholder Committee holds delegated authority to act on behalf of the Council for a number of key decisions, including the nominations of Directors to be appointed to the Board of a subsidiary.
- 1.2 The new appointee will become a Director of WHIL and WHDL.

## **2. Recommendations**

- 2.1 It is recommended that:
  - Timothy Hampton, Senior Commercial and Financial Manager is appointed as an Interim Director of WHIL and WHDL, subject to the provisions of the Companies Act 2006.
  - The secretary of the Company is instructed to make the necessary entries in the statutory books of the Company and to make the necessary filings at Companies House.

## **3. Reasons for Decision**

- 3.1 Following the resignation of a previous director, to maintain quoracy and enable decisions to be made, a new director appointment is required.

## **4. Financial Implications**

- 4.1 There are no financial implications associated with this decision.

## **5. Legal Implications**

- 5.1 The authority for the Shareholder Committee to make appointments to the boards of the council's wholly owned companies was delegated by decision of Cabinet on 12 July 2021. Training will be provided to ensure conflicts of interest are understood and managed appropriately as well as the individual appointed is able to act in line with the responsibilities conferred on them under the Companies Act 2006.

## **6. Carbon Impact**

- 6.1 There are no direct carbon implications from the appointment of an existing council employee to the Board of WHIL and WHDL.

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

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