



CITY OF WESTMINSTER

MINUTES

Housing, Finance and Corporate Services Policy and Scrutiny Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Housing, Finance and Corporate Services Policy and Scrutiny Committee** held on **Monday 6th March, 2017**, Rooms 5, 6 & 7 - 17th Floor, Westminster City Hall, 64 Victoria Street, London, SW1E 6 QP.

Members Present: Councillors Brian Connell (Chairman), Paul Church, Nick Evans, Peter Freeman, Adam Hug, Adnan Mohammed, Tim Roca and Jacqui Wilkinson

Also Present: Councillor Rachael Robathan (Cabinet Member for Housing), Steve Mair (City Treasurer), Barbara Brownlee (Director of Housing and Regeneration), Matt Harmer (Chief Operating Officer, Thorncliffe), Sheli Barracluff (Consultation Coordinator, Thorncliffe), Tara Murphy (Scrutiny Officer) and Reuben Segal (Senior Committee & Governance Services Officer)

1 MEMBERSHIP

1.1 There were no changes to the membership.

2 DECLARATIONS OF INTEREST

2.1 Councillor Connell declared in respect of item 6 (Housing Regeneration - Review of Progress) that Richard Patient, founder and managing director of Thorncliffe, was a personal friend.

2.2 Councillor Connell further declared that all members of the committee know Councillor David Boothroyd who works for Thorncliffe.

2.3 Councillor Church declared that he is a board director of Westminster Community Homes.

3 MINUTES

3.1 **RESOLVED:** That the minutes of the meetings held on 9 & 19 January 2017 be signed by the Chairman as correct records of proceedings.

4 WORK PROGRAMME

- 4.1 Tara Murphy, Scrutiny Officer, tabled an updated copy of the work programme and action tracker which were unavailable at the time that the agenda was published. She explained that the agenda items that were due to be considered at the committee's next meeting on 10 April were being replaced. Due to its strategic importance and crosscutting nature the update on the Managed Services Programme would now be considered by the Westminster Scrutiny Commission. The item on the rollout of Office 365 was for information only and would therefore be circulated as a briefing outside the meeting.
- 4.2 Tara Murphy advised that that she was working with the chairman to identify replacement items. One of the items would be to consider ideas for the committee's work programme for 2017-18.
- 4.3 **RESOLVED:** That the responses to actions and recommendations as set out in the tracker be noted.

5 UPDATE FROM CABINET MEMBERS

- 5.1 The Committee received written updates from the Cabinet Member for Finance, Property and Corporate Services and the Cabinet Member for Housing on the key issues within their portfolios.
- 5.2 Councillor Rachael Robathan, Cabinet Member for Housing, addressed the committee. With reference to her recent appointment to the portfolio, she advised that her previous experience as Cabinet Member for Adults and Community Protection would enable her to bring a different perspective to the portfolio's challenges. She was aware that the city required more housing of every tenure. She recognised that there were huge pressures to deliver housing and she undertook to do all that she could to speed up delivery. She had recently visited each of the regeneration sites and had spoken to all of the officers involved. She advised that one of her key priorities is to have a viable proposal for Ebury Bridge by April which can then be discussed with Ward councillors followed by residents.
- 5.3 Councillor Robathan further advised that she had transported two areas of responsibility from her previous role. These were the Specialist Housing Strategy for Older People and the Council's Hubs Programme.
- 5.4 The Cabinet Member then responded to questions on the following issues:
- Housing Provision
- 5.4.1 The Cabinet Member was asked whether she intended to review any executive decisions taken prior to her appointment such as purchasing accommodation out of borough. She was also asked how she intended to speed up the delivery of urgently needed housing. Councillor Robathan stated that she did not intend to revisit decisions taken by her predecessor. She reflected that some decisions such as purchasing housing out of borough

had been difficult to make but were necessary in order to provide affordable, stable homes for residents. Ideally the Council would house all residents within the borough but given the size of the housing waiting list this was unachievable. Every effort would be made to house residents as close as possible to Westminster. She advised she was focusing her attention on increasing the speed of housing delivery. None of the objectives are easy to deliver. There are difficult issues to overcome in each Ward where there can be embedded views. She would be holding a series of monthly meetings with officers on delivering the Council's housing regeneration programme.

In response to further questions Councillor Robathan stated that she fully supported and would endeavour to push for apprenticeship opportunities for young Westminster residents as part of the Housing Regeneration Programme.

Increasing Intermediate Housing Provision

- 5.4.2 Councillor Robathan was asked whether the Council intended to increase the provision of intermediate housing in the city. She advised that there was a strong commitment to deliver more of this tenure in Westminster. To facilitate this the Council was looking to amend its planning policy on the ratio of social to intermediate housing required to be provided on the new on relevant housing schemes. At present the policy requires 60% of new affordable housing to be social housing and 40% intermediate. The intention is to switch the ratio requirement.

In-borough Social Housing Delivery

- 5.4.3 Given the significant costs of land in Westminster the Cabinet Member was asked about the benefits of delivering social housing in borough. Councillor Robathan explained that the Council has a duty to deliver as much housing within the borough as possible. She considered that it was important for future generations to ensure that Westminster has mixed and diverse communities. However, she stated that it was not possible to house all eligible residents in the borough. Where consideration is given to purchasing accommodation outside of Westminster importance will be placed on ensuring that this is a reasonable distance and travel time from Westminster.

Future of CityWest Homes (CWH) Estate Offices

- 5.4.4 The Cabinet Member was asked for clarity about plans for the future of CWH estate offices as different explanations appeared to be provided to different audiences. The Cabinet Member explained that as part of the CWH Strategy for 2015-2020 the organisation was reviewing the current use of estate offices to ensure that services provided meet residents' changing needs. 95% of all resident contact with CWH is conducted by phone and email. CWH was developing a new Multichannel Service Centre which would make it easier for residents to engage with the organisation. It was expected that there would be fewer dedicated estate offices. CWH would be looking at how it can deliver housing advice using other community facilities such as Children's Centres cost and libraries. This includes offering home visits for vulnerable residents. Members wished to ensure that any community facilities identified would be an easy walking distance from Estates and that the provision would

be on a permanent basis. It was also suggested that plans should be communicated to residents as quickly as possible to provide reassurance.

Newman Street Pilot Project

- 5.4.5 Barbara Brownlee, Director of Housing and Regeneration, provided an update on the pilot which is providing temporary accommodation for single homeless adults. She explained that the pilot was progressing well and was providing stability for vulnerable adults with particularly challenging circumstances. Floating support workers were working from the site providing a range of assistance including employment advice. Prior to the commencement of the pilot none of those participating in the pilot were registered with a GP or dentist which resulted in numerous admissions to A & E or callouts for ambulances. 100% of the residents were now registered with health practitioners which would result in a significant saving to the NHS.

Rough Sleeping

- 5.4.6 The Cabinet Member was asked whether service levels would be affected by the recent decision to cut £808k from the rough sleeping budget. Councillor Robathan stated that she had held talks with service providers and advised that despite the reduction in the budget there would not be any cuts to service provision.

- 5.5 The Committee also submitted a request for information in relation to a couple of matters within the portfolio of the Cabinet Member for Finance, Property and Corporate Services.

5.6 **ACTIONS:**

1. The committee would like details about the Council's IT security strategy to mitigate the threats to the organisation. Members want to know whether cloud computing provides the same security as the existing server infrastructure. (**Action for: Ben Goward, Interim Director of ICT**)
2. Members would like a note on any changes to business rates and any impact on the Council following additional relief announced by the Chancellor in the spring budget. (**Action for: Steve Mair, City Treasurer**)

6 **HOUSING REGENERATION - REVIEW OF PROGRESS**

- 6.1 The committee received a report that provided a progress review on the Council's programme of housing renewal. The report also included information on infill housing and the context for purchasing housing out of borough.
- 6.2 The committee was asked for views on the learning from the regeneration of Church Street to assist in subsequent regeneration schemes.
- 6.3 Barbara Brownlee highlighted some of the key learning from the Regeneration programme to date. She explained that the aspiration to deliver Housing

Renewal in the City led the Council to be overly ambitious in forecasting that the programme would be delivered in a matter of a few years. She explained that given the scale and complexity of the programme and the fact that no local authority in London had undertaken housing renewal on such a scale for many decades it was near impossible to deliver the programme within this timeframe. Expectations were raised amongst residents about swift progress on the transformation of their neighbourhoods. As regeneration has taken longer to deliver this has led to some understandable frustration and concern amongst some residents.

- 6.4 Barbara Brownlee then provided a specific lesson learned in relation to the regeneration of Lisson Arches in Church Street. She explained that the site would provide new housing for vulnerable elderly residents currently living in sheltered accommodation at Penn House, which is no longer fit for purpose. The site does not currently have any buildings on it because it has a number of strategically important services - gas, water, electricity and telecommunications running through it. Some of these service the West End. The complexity of the underground utilities was not fully understood until works began on site. Discussions with utilities to divert supplies were protracted. This involved obtaining approval from three different organisations within one utility. This, coupled with a restriction of only being able to undertake works over two weeks in any one year, resulted in a delay of 18 months to plan and undertake the works. Lessons learned from Lisson Arches would be applied to the regeneration of Ebury Bridge. The Council will ensure that more extensive site investigation works are to understand the complexities of the site.
- 6.3 Matt Harmer Chief Commercial Officer and Sheli Barracluff, Consultation Coordinator, Thorncliffe, who had been invited to the meeting as expert witnesses, addressed the committee on effective community consultation in relation to development and infrastructure projects.
- 6.4 Mr Harmer explained that Thorncliffe provide community consultation expertise to clients to help get regeneration and development delivered. This includes developing community engagement strategies.
- 6.5 Ms Barracluff provided a presentation on some of the key challenges and elements for successful community engagement. These included:
- The importance of understanding the resident demographic including the tenant mix as well as issues of concern
 - Understanding the demographic of those living outside the immediate regeneration area
 - Finding local champions to promote the regeneration programme
 - Setting clear aims and outcomes for the consultation

- Providing multiple communication channels including door knocking as individual engagement is very effective
- Providing residents with on-going updates to maintain dialogue
- Ensuring that residents have a voice and are part of the discussion and not simply told about what will happen
- Highlighting where resident input has been taken into account in developing proposals
- Taking residents on site visits to see completed regeneration projects to ease worries.
- Undertaking surveys that provide both qualitative and quantitative data

6.6 The Committee then discussed the lessons learned and asked questions on these issues and the actions that would be taken forward to overcome delays to future housing regeneration in the borough.

6.7 In response to questions about the overly ambitious timescales Barbara Brownlee considered that the over-optimism came from both elected members and officers and reflected the ambition of the organisation. She further considered that as the Council had not been engaged in a major regeneration programme for some time there perhaps was a lack of expertise available within the organisation to fully appreciate how long it would take to deliver the programme. She stated that a project of this kind was one of the most difficult to deliver within an intensively built up and complex area such as Westminster. Mr Harmer commented that because many local authorities have not rebuilt large estates for some time much of the expertise to deliver large regeneration projects lie elsewhere.

Church Street

6.8 With respect to Lisson Arches, members asked why a subsoil analysis to understand the complexities was not undertaken before holding a resident vote. Barbara Brownlee explained that there is a balance to strike on how much is spent before making firm commitments to develop a site. She explained that a great deal of desk-based analysis is undertaken. On site investigations are expensive. However, given the lessons learned at Lisson Arches the Council would undertake more detailed ground investigations for certain types of site such as next to railway lines or by rivers.

6.9 The Committee asked about the processes in place for better managing problems at Lisson Arches should they arise in future. Barbara Brownlee advised that a new management monitoring system had been established whereby senior managers receive weekly updates on site progress. Whilst such detailed oversight is unusual it was felt necessary given the complexity of this particular site. This will enable problems to be raised quickly at a senior level.

- 6.10 Members welcomed the decision to bring community consultation back in-house and asked for details of the resource levels and how consultation with residents would be improved. Barbara Brownlee informed the committee that the team would consist of two internal development officers and three new consultation officers. The Council had also opened a site office in Church Street. There is now a strong Council voice in the estate compared to when the consultation and community engagement was contracted out. The team would be open and clear with the community about any future delays.

Ebury Bridge

- 6.11 The Director of Housing and Regeneration was asked about what had been delivered to date at Ebury Bridge. Barbara Brownlee stated that residents had been decanted from the site. This was an achievement as a decant in itself takes time.
- 6.12 The Committee was informed that when the scheme was soft market tested there was no appetite amongst the Council's Development Partner Panel to implement the scheme in the form proposed. Members asked how the Council would ensure that this mistake was not repeated. Barbara Brownlee stated that it would be important to liaise with developers much earlier in the process rather than when a finalised planning permission is in place as this does not provide developers with an opportunity to add value. It was important that the procurement process provides bidders with some flexibility. The Council should set out its aims and goals and ask developers how they would deliver them. Improvements had been made in the procurement process to reflect this. Other lessons learned included not insisting that one developer undertakes both the refurbishment and the new build as developers tend to specialise in one or the other. Developers also tend to build estates from the outside in rather than the expected approach that had been set by the Council.
- 6.13 Members asked how the Council intended to re-energise residents who have been frustrated by the delays about the renewal of Ebury Bridge. The Cabinet Member for Housing stated that the Council regretted the amount of time that had passed since the resident vote had taken place. She advised that once a new and viable scheme has been chosen the Council will ensure that if any amendments are needed to be made at a later stage this will be communicated quickly and clearly to residents with an explanation of why the changes are required.
- 6.14 The Committee asked whether the ratio of social to intermediate housing to be provided on site will be based on the planning policy in place at the time that the residents voted on the regeneration for new affordable housing. Barbara Brownlee explained that none of the regeneration sites have got housing figures attached to them other than that all tenants formally living on the site can be housed in the new developments. The Cabinet Member advised that the amount of affordable housing which will be accommodated on site will be governed by the planning policy at the time that the planning application is submitted.

6.15 The Director of Housing was asked about the potential adverse impacts on building costs or sales values as a consequence of Brexit. Barbara Brownlee informed the committee that Growth, Planning & Housing was reviewing current projects to identify and seek to quantify the impacts based on changes in the value of the pound relative to other currencies as well as the attractiveness of London as a residential investment. There was a risk in achieving sale prices across all sites.

6.16 In response to questions about incorporating health and well-being benefits within the regeneration programme, the Cabinet Member advised that it would be important to ensure that any housing built remains suitable as people grow older. This will avoid residents having to move to alternative accommodation as their health declines.

6.17 **RESOLVED:**

1. Members reflected that while it is important for the Council to have high aspirations for housing renewal the organisation needs to set a more realistic timeframe for delivering the housing regeneration programme given the nature and complexity of the sites and the development programme. The programme is challenging and members noted that it could not realistically be delivered in a few years.
2. Members considered that being honest and clear with residents on how renewal will be delivered including the length of time that it will take is vital to building credibility and support in the programme and avoid disappointment. Where any delays do occur the reasons for these should be communicated openly and quickly.
3. The committee considered that it is vital where problems arise which cannot be easily remedied these should be passed quickly up the management chain appropriate mitigation measures can be urgently taken timeframes.
4. The committee noted in relation to the renewal at Ebury Bridge that when the scheme was soft market tested there was no appetite amongst the Council's Development Partner Panel to implement the scheme in the form proposed. Members noted that it is important to engage developers early in the regeneration process and avoid being too prescriptive over the scheme design to provide developers with an opportunity to add value and be innovative.
5. The committee supported future proofing housing to be provided as part of the renewal programme so that homes remain suitable for people as they grow older.
6. Members also noted that any new planning applications submitted as part of the housing renewal programme will reflect the planning policies at the time the application is submitted.

7 HOUSING INVESTMENT STRATEGY AND HOUSING REVENUE ACCOUNT BUSINESS PLAN 2017/18

- 7.1 The Committee received a report on the Housing Investment Strategy and thirty-year Housing Revenue Account (HRA) Business Plan. This was 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.
- 7.2 The Director of Housing and Regeneration highlighted the main changes from last year's which would see an accelerated and increased borrowing to facilitate housing regeneration which will peak in year 7 to £334m reaching the HRA debt cap while reserves will reduce to around a minimum level of c £11m for 20 years.
- 7.3 Barbara Brownlee explained that the base business plan uses prudent assumptions so that risk is minimised. 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 minimal levels. This means that if any overspends occur or capital receipts are delayed or reduced this would necessitate mitigation through a range of management actions such as either reducing, reprofiling or stopping expenditure on the capital programme or realising funds through the disposal of HRA assets as the HRA is legally unable to run deficits. The potential impact of risk factors requires a strong risk mitigation strategy that can be quickly adopted if any of the risks materialise. A table summarising identified potential risks was set out in the committee report.
- 7.4 The Committee asked Ms Brownlee how confident the Council was in the assumptions of future rental income as well as about the monitoring of potential risks. She stated that officers were fairly confident about the assumptions around dwelling rents. She advised that if the assumed government rent policy turnout to be incorrect then management would this revise the business plan. With regards to monitoring, she explained that quarterly governance meetings are held between senior officers and elected officials at which program performance is reviewed and risks monitored. The business plan is reviewed annually starting in October as part of the budget setting process.
- 7.5 Members noted with concern that management costs will account for 46% of total annual expenditure in 2017/18. Ms Brownlee advised that an independent review of CWH in 2015 highlighted that management costs were in the top quartile compared with similar housing providers. A target was set for the organisation to reduce these costs by £5m over 5 years so these fall within the median quartile.

7.6 Ms Brownlee was asked about the use of the HRA to build and purchase property outside of the borough when there are still opportunities to provide housing in the city through infill housing and further regeneration. She stated that the business plan does include links to proposals for the range of in-borough housing delivery referred to. She advised that the Council was aiming to be ambitious on delivering infill housing and was looking at more modern methods of construction to facilitate development as well as more efficient procurement to speed up delivery. The Cabinet Member for Housing further advised that the Council was undertaking a borough wide analysis of infill opportunities. However, while there were many opportunities that the Council wanted to explore in-borough as one of the most intensively developed places in the United Kingdom Westminster does not have the space to meet all its housing needs.

7.7 **ACTIONS:** In light of the proposed borrowing commitment which will utilise all of the foreseeable headroom and financial capacity within the HRA the committee would like to include a regular update on the delivery of the HRA Business Plan to its work programme.

8 ANY OTHER BUSINESS

8.1 There was no other business.

The Meeting ended at 9.01 pm

CHAIRMAN: _____

DATE _____