

# Shareholder Committee Report

<b>Decision Makers:</b>	<i>Shareholder Committee</i>
<b>Date:</b>	27 <sup>th</sup> March 2023
<b>Classification:</b>	For General Release
<b>Title:</b>	<i>Westminster Builds Business Plan</i>
<b>Financial Summary:</b>	Westminster Builds remains a going concern with an affordable business plan
<b>Report of:</b>	James Green, Director of Development

## 1. Executive Summary

- 1.1. Annually, Westminster Builds (WB) updates its Business Plan to reflect the company's financial position. The plan reflects on performance to date against key performance indicators and notes planned activity and its impact on the company's financial position.
- 1.2. The report notes that Westminster Builds continues to be a going concern.

## 2. Recommendations

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

## 3. Reasons for Decision

- 3.1. 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, Westminster Builds gives the Council an additional option when considering how it best delivers schemes planned within its capital programme. 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 or market rental homes which are then not subject to secured tenancies or the right to buy.

3.2. Annually, Westminster Builds submits its Business Plan to the Shareholder Committee for approval.

#### **4. Background, including Policy Context**

4.1. The Business Plan details the company's activity and achievements to date.

4.2. The company's Luton Street joint venture with Linkcity has continued to be successful, reaching practical completion and achieving strong sales. The joint venture safeguarded the construction of 62 affordable homes.

4.3. The company's intervention at Jubilee has reached practical completion. The WB's investment ensured the delivery of 54 homes and a new community sports hall, increasing the provision of affordable housing on the scheme by 19.

4.4. Westminster Builds has bolstered its affordable housing portfolio, with 61 of the 71 homes now let and occupied.

#### **5. Corporate Activities for 2023/24**

5.1. The Business Plan draws attention to key corporate activities for 2023/24 which require attention of the shareholder committee:

5.2. The position of company chair is currently vacant following the change of administration in the May 2022 and the resignation of Jacqui Wilkinson. The Board remains quorate, requiring three of the four directors, and has appointed a temporary chair. 31Ten's review of the Council's subsidiaries recommends the creation of a Strategic Oversight Board, comprised of Senior Officers and Members, and a Housing Working Group, comprised of directors across all the Council's housing subsidiaries. The Board will therefore await the Shareholder's recommendation following the 31Ten report.

5.3. The Board has approved the incorporation of a new company within its group to help the Council secure GLA grant across its pipeline. 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.

5.4. Westminster Builds welcomes the Council's intentions to implement a memorandum of understanding between itself and its subsidiaries. The Board requests the implementation of this agreement be expedited to help both parties formalise ongoing arrangements.

5.5. Refocusing on a portfolio of intermediate rent heightens the need to control overhead costs. The company intends to undertake a thorough review of running costs, resourcing requirements and the operation of the company considering a changing business plan.

#### **6. Business Plan**

- 6.1. The Business Plan appended to this document considers past, current, and future planned activity from the company's incorporation in 2018 over the long term until 2060.
- 6.2. Currently, the company's pipeline is wholly dependent on the Council's decisions on how its own projects are delivered and the number and tenures of housing built. This demonstrates the Council's sovereignty in decision making over its housing development programme.
- 6.3. Despite a reduction in its overall planned activity, the business plan demonstrates that the company remains financially viable over the medium term once it reaches a critical mass of units under management. In the short term, returns generated from Luton Street ensure the company can fund initial losses.
- 6.4 However ensuring that the company overhead is scaled to meet the needs of the company and controlled where possible is key to WB's longer-term viability. Further workstreams are planned by the Board to review resources and consider the companies' needs.

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

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