



City of Westminster

Shareholder Committee Report

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| Decision Makers: | <i>Shareholder Committee</i> |
| Date: | 27 November 2023 |
| Classification: | For General release |
| Title: | Westminster Community Homes – Operational activities 2023. |
| Wards Affected: | All |
| Fairer Westminster Summary: | Fairer Housing No |
| Key Decision: | |
| Financial Summary: | As detailed in section 4 and 5 of the report, and appendix documents. |
| Report of: | Neil Tryner, WCH Chief Executive and WCH Chairman |

1. Executive Summary

1.1 This report outlines:

- The appointment of WCH Board members.
- The Year end Statutory Accounts for 2022-23.
- Current Financial performance to September 2023.
- Current service performance to September 2023.
- Regulatory compliance and adoption of Consumer Standards and Complaints reporting.

2. Recommendations

2.1 The Shareholder Committee are asked to:

- (a) Note the signing of year end statutory accounts for 2022-23.
- (b) Note and comment on financial performance to September 2023.
- (c) Note and comment on service performance to September 2023.
- (d) Note to progress on Consumer Standards.

3. WCH Governance

3.1 WCH was set up by the City Council in December 2009 as a Co-Operative & Community Benefit Society with charitable objectives and became a Registered Provider in December 2010. It is a 'not for profit' body, where the shareholders' derive no financial benefit and their rights are significantly less than in ordinary companies. Through their charitable objectives, WCH have tax exemptions through which it does not pay Corporation Tax, Capital Gains or Stamp Duty but does pay VAT.

3.2 WCC Shareholder Committee has received by separate cover a proposal to recruit 5 new Board members.

4. Year-end Statutory Accounts 2022-23.

4.1 Due to the delays in auditors sign off and subsequent Board approval on 22nd September 2023. The auditors confirmed that they have not identified material misstatements to the Board.

4.2 The Accounts summarise a Gross surplus for the year of £5,686,262 compared to 2021/22 of £5,511,997. The accounts are attached at **Appendix 1**.

5. Current Financial performance to September 2023.

- 5.1 Financial operating performance of WCH delivers a positive operating surplus; if P6 were to be forecasted to year end, WCH would have an £832k operating surplus. WCH would also produce a bottom-line deficit of (£728k), this is also heavily dependent on capitalisation of stock refresh programme.
- 5.2 Increases in expenditure variances primarily due to increased actual utility costs compared to estimated bills from WCC and a higher run rate for responsive repair volume and associated costs.
- 5.3 Full details of Period 6 Management Accounts are attached at **Appendix 2**

6. Current service performance to September 2023.

6.1 Regeneration- Church Street

- 6.1.1 There were originally 47 non HRA interests on phase A. So far, 43 are owned by either WCH or WCC. The last unit purchased was 6 Cray House in August 2023.
- 6.1.2 Three leasehold interests are still outstanding on phase A.
- 6.1.3 To date 38 properties have been acquired in sites B & C. Across sites B and C there remains a further 67 leasehold interest properties which are categorized by size as:

6.1.4

| Property size | Number of homes |
|----------------------|------------------------|
| Bedsit | 7 |
| 1 bed | 18 |
| 2 bed | 28 |
| 3 bed | 12 |
| 4 bed | 2 |

- 6.1.5 In addition, there are 9 units where leaseholders retain an interest at Gayhurst House.
- 6.1.6 The acquisition costs are estimated to be in the region of £34m to secure the remaining 67 homes. This is an indicative figure based on current values for property types which are summarised as:

6.1.7

| Property size | Current indicative sale value | Total costs for remaining units by type |
|----------------------|--------------------------------------|--|
|----------------------|--------------------------------------|--|

| | | |
|--------|-------|--------|
| Bedsit | £325k | £2.3m |
| 1 bed | £400k | £7.2m |
| 2 bed | £550k | £15.4m |
| 3 bed | £600k | £7.2m |
| 4 bed | £700k | £1.4m |

6.2 Regeneration - Ebury Bridge estate

- 6.2.1 There were originally 140 leasehold interests held privately on the Ebury Bridge Estate.
- 6.2.2 There are now 3 leasehold interests left to be acquired on the estate. All those lessees reside in Phase 3, Doneraile House – which is due for demolition in 2026/27. All properties that were owned by WCH and vacant, were transferred back to WCC by the beginning of June.

6.3 Victoria Wharf (Phase 2)

- 6.3.1 Handover for this scheme was scheduled for 13th February. Delays in commissioning heating and receiving final building control sign off has delayed handover and is leading to a level of disengagement and frustration from prospective new customers.
- 6.3.2 Individual property front doors have following a destructive fire test been replaced and refitted during August.
- 6.3.3 Building control sign off was received in early September. Partial handover was secured in October, with full handover secured in November. All new homes are now relet, with a proportion of new customers being adult children of WCC where households experienced severe overcrowding.

6.4 MOT yard (581-587 Harrow Road W10)

- 6.4.1 Following confirmation that the revised funding agreement had been formally approved by the Cabinet Member, WCH submitted the planning application for the revised scheme of 15 units for social rent.
- 6.4.2 WCH have received approval from the Planning Committee to proceed with the scheme as outlined. Tenders have been received in August for the agreed works.
- 6.4.3 The bids received were considerably higher than the initial assumptions made for the scheme which had been assumed at c£7m. This is in addition to the £3.1m acquisition costs for the MOT yard and the C£1m for the acquisition of the adjoining property on St Johns Terrace for a site office.

- 6.4.4 For comparison the recent completion of VW phase 2 was delivered for £5.5m and a site acquisition cost of £3.9m including the end terrace property of St Johns Terrace to serve as a site office.
- 6.4.5 As part of the ongoing due diligence and scheme viability we have undertaken a review of the tenders received, undertaken a comparative analysis with WCC development team to review costs per unit and are engaging with the GLA in terms of indicative increased grant rates for the scheme.
- 6.4.6 If we are unable to secure additional grant rates for this development the Board of WCH will be asked to consider delaying the development or disposal of the site.

6.5 Refresh

- 6.5.1 WCH have commenced the refurbishment program of our permanent stock to ensure compliance with Decent Homes standards and the proposed regulatory Consumer Standards. We will invest c£2m during the remainder of the year to replace Kitchens, Bathroom, ensure all homes meet an EPC C rating and resolve any structural or design issues which may be detrimental to health.

7. Regulatory Compliance

- 7.1 The annual return of NROSH to the regulator was submitted on time since the previous Shareholder Committee.
- 7.2 The Regulator of Social Housing has sought views on a revised regulatory consumer standard. We anticipate that the final set of standards will apply to Landlords from April 2024. They are:
- The Safety and Quality Standard
 - The Transparency, Influence and Accountability Standard
 - The Neighbourhood and Community Standard
 - The Tenancy Standards
- 7.3 WCH is currently undertaking a self-assessment of compliance against the Standards and will ensure full compliance in time for April 2024.
- 7.4 A key part of the Transparency standard is ensuring we review and respond to trends in complaints by changing policy or procedure as appropriate. Examples of recent changes to our services include the installation of Amazon Key at Victoria Wharf as a response to customers packages being lost following delivery, the

extension of fixed term tenancies due to the challenges tenants face in securing alternative accommodation and prioritising overcrowded adult children of WCC tenants to move to Victoria Wharf 2 on first let.

- 7.5 WCH Board will receive 1 December a review of all complaints made during the current year and outline any further service change requirements.

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

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