

WESTMINSTER COMMUNITY HOMES LTD

BOARD REPORT

TITLE OF REPORT:	WCH Management Plan
DATE:	3 rd May 2023
ORIGINATOR:	Neil Tryner

EXECUTIVE SUMMARY:	<p>Following the transition of CEX's at WCH, a review of the current operating context and service offer in conjunction with a review of the current gaps identified by CT as part of the governance review. A summary of a baseline strategy and operational management plan for the coming year is outlined to the Board for consideration and comment.</p> <p>The current position and direction of travel over the last year has been positive. There has been a number of key work streams delivered, including Regeneration activity at Church Street and Ebury Estates, Victoria Wharf completion and progress on the MOT year.</p> <p>Moving forward the adoption of 4 strategic pillars will provide clarity and focus for team members by articulating a golden thread, linking purpose and day to day activity which translates into individual performance targets and reviews and sets out a framework for the Board to ensure full oversight and challenge.</p> <p>The 4 pillars are:</p> <ul style="list-style-type: none">• Be an outstanding Landlord by doing the basics brilliantly.• Regeneration- Making it Happen.• Provide more Homes and be financially strong.• Support WCC by maximising RP status. <p>An annual management plan for the current year outlines in greater details the activity to be delivered by each team member. This will form the work plan and annual overview of performance for all team members.</p>
BOARD ACTION:	<p>The Board is recommended to:</p> <ol style="list-style-type: none">1. Note the progress on key deliverables during 2022/23.2. Approve the adoption of the proposed 4 Strategic Pillars.

- | | |
|--|--|
| | <ol style="list-style-type: none">3. Approve the additional revenue costs to support approved activity.4. Approve the adoption of an annual management plan and receive progress reports. |
|--|--|

1. WCH current position and direction of travel

1.1 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.

1.1.1 WCH has a five-person Board who are all nominated by the City Council. There are currently two vacancies, so the Board are at the minimum level to be quorate. The City Council have advised WCH that it wants to conclude its consideration of the 31Ten report into the various City Council subsidiary companies before deciding on the Board recruitment. As both James Green and Olivia Harris reach the end of their six-year term in 2023, at the WCH Board meeting in February it was agreed to extend their terms on the Board for up to a further 12 months in order to ensure the Board remains quorate and WCH meets its regulatory requirements.

1.2 Looking back Performance 2022/23

1.2.1 WCH performance in the key areas of activity undertaken in 2022/23 are as follows:

1.2.2 Regeneration Acquisitions

1.2.3 WCH has continued to support the City Council as its agents for the acquisition of leasehold interests in the Ebury and Church Street Regeneration Areas.

1.2.4 WCH gave evidence at the CPO Public Inquiry for Ebury in August 2022 and supported the City Council through this process. Of the original 140 leasehold interests, to date 129 have been acquired, 9 have had terms agreed and we are working through the legal processes for acquisition. The terms on 2 leasehold interests have not been agreed to date but both are in the final phase of the scheme, so there is still adequate time to reach agreement and finalise these acquisitions without impact on the delivery of the scheme.

1.2.5 On Church Street to date we have been advised to focus our acquisition activities on Site A, although we have acquired units in other phases as they have become

available. So far, we have acquired 39 of 47 leasehold interests in Site A and have a further 4 cases under offer. WCH are now working on obtaining agreements with the remaining 4 lessees to provide full vacant possession of these blocks.

1.2.6 Following the successful residents ballot we are now looking to expand our acquisition programme to further Sites within the Regeneration Area. 1.2.7 Across the entire Church Street Regeneration scheme there were 189 leasehold interest to acquire and to date a total of 77 units have been acquired and 6 further cases are under offer.

1.3 Completion of Victoria Wharf (Phase 2) incl. overcrowding cases

1.3.1 This scheme is nearing completion with handover expected in later March/early April. This comprises of 20 x 1 bed units for Intermediate Rent.

1.3.2 In order to produce the best outcome for the City Council from this scheme WCH has provided priority to the sons and daughters of existing overcrowded City Council households to help to alleviate their overcrowding. These households were written to with details of the scheme and 12 individuals responded. Viewings were then held and so far, 4 individuals are proceeding through the lettings process.

1.4 Revision and provision of new planning application for 581-587 Harrow Road

1.4.1 WCH obtained planning permission in 2022 for 25 x 1 bed Intermediate Rented units on this site. In July 2022 WCH decided to review the tenure on this scheme. A planning application for a new scheme comprising of 15 Social Rented units (11 x 2 beds, 3 x 3 beds and 1 x 4 beds) has been submitted and is due to be considered on 13th June. WCH are moving forward with the detailed design work required to enable a successful tender of these works with a view to be able to start on site in the late Autumn.

1.5 Completion and sale of 2a Bravington Road W9 (Shared Ownership)

1.5.1 This scheme comprises of 3 x 1 bed units for low-cost shared ownership and was completed in late Autumn 2022. All three units were valued at £395,000 each with the option of buying a minimum of 25% share and rents set at 2%. This produced a total housing cost in line with the local London Living Rent for the area. All three units have now been sold to previous Intermediate Renters.

1.6 Tender and appointment of contractor for the Refresh scheme

1.6.1 WCH have carried out surveys of its housing stock to identify the works that are required to meet new and emerging statutory requirements, provide additional ventilation, and refresh the units in order to ensure they meet our standards.

These surveys have now enabled this work to be tendered and the Board approved the successful contractor to enable these works to be carried out.

1.7 *Social Value*

- 1.7.1 WCH has now many years had a small but important Social Value programme. This delivers such things as football training, farm trips, support for girls' youth club in Lisson Grove, various homework and breakfast clubs and more recently support for the Westminster Wheels project. The budget for this area has been increased for 2023/24 and we are looking to support the delivery of additional breakfast clubs.

2. **Future direction**

- 2.1 The appointment of a new CEX, and the current stable position operationally in terms of scheme delivery provides an opportunity for WCH to reflect on previous successes and outline future priorities. It is evident that WCH has a number of existing work programs which can be summarised as broader strategic goals and which can be used to outline the future workstreams and activities of the team that seek to support the City Council's strategic objectives and aspirations to ensure that WCH plays a valuable role in their delivery. Initial conversations with council officers and reviewing existing activity has enabled the formation of a draft management plan for the coming year and supported by the adoption of 4 Strategic pillars to focus activity of the team, and structure scrutiny by the non-executive. The 4 pillars are:

- **Be an outstanding Landlord by doing the basics brilliantly.**
- **Regeneration- Making it Happen.**
- **Provide more Homes and be financially strong.**
- **Support WCC by maximising RP status.**

- 2.1.1 A complete review of WCH strategy would be beneficial once a refreshed Board is in place; however, there is a requirement to provide focus for the coming year and the 4 pillars and management plan could form the foundation of a wider strategy review.

2.2 **Be an outstanding Landlord by doing the basics brilliantly.**

- 2.2.1 WCH is a Registered Provider of social Housing and has evolved an operating model which utilises functions of WCC such as Housing Management and Financial Services. Failure to deliver core landlord functions is a key risk to organisation and could lead to intervention from the Regulator.
- 2.2.2 Key Performance indicators including rent collection and void turn around are the basis of a solid team performance and our direction of travel is good in the context of the current external pressures on customers income levels and inflation uplifts.

2.2.3 Our aim is to continue this position and report to the Board and report additional measures to ensure recent focus from the regulator in other landlords is not a risk to WCH. Key additional focus will be on Damp and Mould, EPC ratings and Health and Safety property attribute compliance for Gas, Electrical, Water, Asbestos and Fire.

2.2.4 We will deliver the Refresh programme to our permanent homes by investing c£2m to ensure all our stock meets Decent Homes standards, EPC ratings are improved and any remedial issues which may impact on customers health are resolved.

2.3 Regeneration- Making it Happen.

2.3.1 WCH have supported the City Council over recent years to acquire and negotiate existing leasehold interests on estates designated for wider regeneration and clearance. The Ebury estate is nearing its conclusion with vacant possession required by May 2023. Planning permission has been granted in March 2023 for the regeneration of the Church Street estate and the team will continue to deliver services to acquire homes and rehome existing residents.

2.4 Provide more Homes and be financially strong.

2.4.1 WCH has delivered its property portfolio of new homes either by acquisition or direct development. Recent developments include Victoria Wharf phase 1 and 2 and in the pipeline for delivery is the MOT yard. It is unlikely that future opportunities will be viable as it is anticipated that Westminster Builds will deliver all new homes in the borough directly. New homes will be provided by market purchase of existing homes in the borough with a focus on former WCC stock.

2.4.2 Reporting of profitability by property type is a priority to ensure we fully understand the costs and resources associated with our key property types. Currently our management accounts report profitability at a global level and the following distinctions are proposed. We will report income and expenditure and therefore profitability and resource requirements in the following way:

- Permanent social homes.
- Temporary Accommodation to support WCC discharge homeless duty.
- Regeneration activity.
- Managed Units.

2.4.3 We will report on profitability and resource allocation against each activity and any financial risks identified in reporting by business stream will be reflected on the company risk register.

2.5 Support WCC by maximising RP status.

2.5.1 The scale of WCH is such that it can support the City Council in the delivery of its wider activity and as a wholly owned Registered Provider of the City, there are a

number of opportunities where the legal structure could benefit wider delivery aspirations. In addition to our current programme of activities we will seek to work up the following items for consideration by the City Council in the coming weeks:

- To source additional homes for complex cases where multiple departments have an interest in securing rehousing. Examples could include complex disability or children service involvement alongside housing needs teams where the specific nature of the accommodation required is currently challenging.
- To increase the provision of Temporary Accommodation in borough and near to Westminster to support the City Council in discharging its statutory homeless duty to families and support the retention of family and support networks locally.
- To review the proposed conversion scheme to provide 2 bed homes from the conversion of larger 1 bed properties for use by single parent with one child households.
- To assist with the delivery of small sites/conversions for development and provision of social housing.
- To work with the City Council to encourage more active involvement by other Registered Providers in Westminster to deliver additional social value outcomes such as funding for breakfast clubs.

2.5.2 Further discussions are taking place with city officers and should any of the above scheme progress to project status a full impact and stress test against the business plan will be completed to ensure the organisation remains resilient.

2.6 Financial implications

Having reviewed the team workload and changes to the activity of the team, a number of additional areas have been incrementally added to posts. For example, through our Bipartite agreements an increasing amount of RBKC Key worker units and Huguenot house private tenancies have come to WCH to manage. Although this generates more income, it places additional workload on the team. The full review of management accounts by business stream and profitability will inform future changes. However, an additional resource is required regardless of this review to ensure the organisation is fully compliant with the requirements of being a regulator, to deliver the Refresh programme and provide additional capacity to support the growing IMR portfolio. Additional costs c£70k per year will be modelled within the management accounts and reported as part of the overall profitability of workstreams. The current budget is predicted to deliver a £1,329k surplus and therefore this prediction will be impacted by the additional costs but can be contained and offset by additional income.

3. WCH Management Plan 2023 – 2024

Theme	Measure of success	Activity to be delivered	Who in the team
Be an outstanding Landlord by doing the basics brilliantly	Review and formalise team resources.	Review current workstreams and identify current year workloads. Additional resources identified.	Chief Executive
	Health and Safety property attributes reviewed and service schedule monitored.	Health and Safety compliance reported against: <ul style="list-style-type: none"> • Gas • Electrical • Water • Asbestos • Fire 	Head of Operations
	Damp and Mould	Cases of damp and mould quantified as Cat 1 or 2 and level of remedial actions taken reported including costs and compensation.	Head of Operations
	% stock EPC C or above	Increase proportion of stock annually at EPC and highlight any for disposal where the cost of remedial work is prohibitive.	Head of Operations Operations officer
	Ensure Decent Homes standards met in perm stock. Target 100%	Deliver Refresh programme.	Operations officer
	Margins for each business stream profitability	Rework management accounts to show profitability by business stream.	Chief Executive and Finance team.

		<ul style="list-style-type: none"> • Assured tenancies. • Intermediate rented • Temporary accommodation • Regeneration <p>Clarify overall loan capacity</p>	
	Compliant against 2020 Code of governance	<ul style="list-style-type: none"> • Review CT report • Shareholders committee approval of board recruitment • Deliver regulatory returns. • Deliver additional governance oversight. 	Chief Executive
	<p>Deliver KPI's to target as set by the board:</p> <ul style="list-style-type: none"> • Rent Arrears • Void turn around • Rent loss due to voids • Repair completion • Repair satisfaction <p>Void post inspections undertaken</p>	<ul style="list-style-type: none"> • Review Management Arrangements and KPI's for service delivery • VFM review of current management costs <p>VFM of contractors undertaken arrangements for voids and performance and compliance tracked.</p>	<p>Head of Operations</p> <p>Operations officer</p>
	Intermediate markets rents	<p>Oversee the scheme policy and deal with increased service expectations.</p> <p>Deliver strong relationships with Home Ownership Westminster</p>	Operations officer
	Adaptations	Liaise with OT services	Operations

		and oversee adaptations.	officer
	Customer satisfaction	Review complaints – trends/ service changes Ombudsman complaints ICO	Head of Operations
Regeneration- Making it Happen	Rehouse leaseholders at Ebury	<ul style="list-style-type: none"> • Rehouse remaining leaseholders from at Ebury to achieve Vacant Possession and ensure remaining tenancies are all vacated. • Manage and rehouse WCH tenants • Fee recovered for WCH 	Negotiator1
	Rehouse leaseholders at Church	<ul style="list-style-type: none"> • Rehouse leaseholders during the year • Manage WCH tenants • Fee recovered for WCH 	Negotiator 2
	Huguenot House	Oversee and manage c 20 properties	Negotiator 1
	Gloucester Terrace	Oversee the regeneration of Gloucester Terrace	Operations Manager
Provide More Homes and be financially strong	Take handover of VW2 -20 new tenancies.	<ul style="list-style-type: none"> • Managed stock to increase • Interest cover exceeds 125% • Secure additional loan facility 	Operations Manager
	Provide adhoc acquisitions		Chief Executive

	<p>Progress MOT yard</p> <p>Review management agreement for RBKC properties</p> <p>HR payroll system oversight and oversee Performance management framework. Recruit new team members.</p> <p>Calculate sales orders and prompt payments of Rent and SC reviews.</p> <p>Monitor legal contracts (Devonshires) for acquisitions and sales</p> <p>Legal tenancy cases resolved.</p>	<ul style="list-style-type: none"> Secure planning permission for MOT yard <p>Ensure responsibilities in the tripartite agreement are fully understood and WCH obligations are monitored.</p> <p>Team members are rewarded and the team is resourced to deliver the activity of the company.</p> <p>All income due is received.</p> <p>Third party legal support is monitored.</p> <p>ASB and enforcement action taken.</p>	<p>Chief Executive</p> <p>Operations Manager</p> <p>Operations manager</p> <p>Operations manager</p> <p>Operations manager</p> <p>Operations manager</p>
<p>Support WCC</p>	<p>Agree financial support from WCC as grant and loan</p> <p>Provide additional units of TA OOB/ in</p> <p>Acquire 1B for conversion to 2B</p> <p>Support ad hoc acquisition for complex cases.</p>	<ul style="list-style-type: none"> Agree management agreement for Bush for existing OOB. Support the city in applying for grant via the mayor's office for TA as an RP. 	<p>Chief Executive</p> <p>Negotiator1</p>

		<ul style="list-style-type: none"> • Provide additional units of TA • Provide units of 1B to 2B conversion • Provide support to complex case moves. 	Negotiator1
--	--	--	-------------

4. The Board are asked to approve the following:

- The adoption of the proposed 4 Strategic Pillars.
- The additional revenue costs to support approved activity.
- The adoption of an annual management plan and receive progress reports.