Land and Property Committee

Date: **1 October 2025**

Item: **Places for London Year to Date Performance Report**

This paper will be considered in public

1 Summary

1.1 This Performance Report provides the Committee with an update on safety, health and wellbeing, operational performance, project delivery and the Places for London scorecard. It covers the 2025/26 financial year up to Period 5 (ending 16 August 2025). The full Places for London Scorecard 2025/26 results at the end of Period 5 are included at Appendix 1.

1.2 A paper is included on Part 2 of the agenda which contains supplementary information that is exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the financial or business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from the meeting.

2 Recommendation

2.1 **The Committee is asked to note the paper and the exempt supplementary information on Part 2 of the agenda.**

3 Safety, Health and Wellbeing

Safety Incidents

3.1 Since the last update, there have been four High- Potential Incidents (HPIs), bringing the total this financial year to six.

3.2 In June, a tenant at Putney Bridge reported the presence of corrugated roof tiles in a shared yard. These were suspected, and quickly confirmed, to contain asbestos. The TfL hazardous materials team removed the harmful materials.

3.3 In the same month, a fire occurred on land between an arch on Kingsland Viaduct and French Place. The fire originated from an accumulation of rubbish and wooden debris. The site has been cleared and secured to prevent any further build up.

3.4 In July, there was a major fire at South Harrow on the Places for London arches estate resulting in the temporary closure of the Piccadilly line. The fire was swiftly contained; structural assessments were completed, and train services resumed the same day. The London Fire Brigade investigation concluded the initial cause was unknown. Following a review of the incident, the TfL Safety, Health and Environment team provided recommendations on the frequency of inspections,

refined incident response protocols, improved storage standards, strengthened fire risk controls and updated compliance and safety practices across the Arches estate. All of the recommendations have been accepted.

3.5 In August, during a site inspection at a Kingsland Road Arch, Places for London officials found the tenant had commenced works without design approval, structural assessments, or relevant documentation. The work was immediately halted with further action from Places for London pending.

3.6 At the end of Period 5, 59 incidents have been reported (Near Misses, Asset Damage and Injuries). This included two instances of workplace violence and aggression, both involving verbal aggression by tenants towards colleagues. To date, seven minor injuries have been reported, of which six occurred on property development sites and involved contractors.

Strategy and Culture

3.7 In May 2025, we launched the Places for London Safety, Health and Environment Improvement Plan. The improvement plan details the actions we are taking to achieve our strategic objectives as detailed in our Places for London – Safety, Health and Wellbeing Strategy.

Tenant-Managed Compliance Risk Rating

3.8 We have continued to engage, educate and enforce our approach to tenant-managed compliance. At the end of Period 5, 2.9 per cent of our units have received a risk rating of ‘Severe’ or ‘High’, well within our scorecard target of five per cent.

3.9 All Severe Warning Notices issued during financial year 2024/25 have now been closed

3.10 In the financial year to date, we have issued seven Severe Warning Notices, five of which have since been closed. We are working with the tenants to resolve the two remaining open notices – one of which is for poor cable management and unsatisfactory electrical installation, while the other is for poor housekeeping of flammable gas bottles.

4 Operational Performance Update

Arrears

4.1 Arrears have been reduced over the course of this financial year and, at the end of Period 5, stood at £2.4m (equal to 3.4 per cent of rent roll against a target of five per cent).

4.2 The results indicate that customers are becoming better at paying rent on time and that our credit control regime is becoming more effective. Table 1 below provides a breakdown of arrears by asset class.

Table 1: Arrears by Asset Class

Asset Class	Period 1 (26 Apr)	Period 2 (24 May)	Period 3 (21 Jun)	Period 4 (19 Jul)	Period 5 (16 Aug)
Arches	£473,000	£464,000	£445,000	£644,000	£503,000
Bus Garage	(£14,000)	(£15,000)	£48,000	£194,000	£87,000
Car Park	£50,000	£36,000	£61,000	£7,000	£5,000
Industrial	£52,000	£83,000	£51,000	£93,000	(£177,000)
Office	£982,000	£495,000	£874,000	£264,000	£25,000
Other	£357,000	(£48,000)	£111,000	£354,000	£343,000
Residential	£38,000k	£28,000	£25,000	£107,000	£98,000
Retail	£2.2m	£2.2m	£1.7m	£1.7m	£1.5m
Total	**£4.1m**	**£3.3m**	**£3.3m**	**£3.4m**	**£2.4m**
% of rent roll	**5.9%**	**4.7%**	**4.7%**	**4.9%**	**3.4%**
Target	5%	5%	5%	5%	5%

Collections

4.3 In the last four quarters we have achieved higher collection rates than our 95 per cent target, with actuals up on the previous quarter. A breakdown of the last four quarters is contained in the table below.

Table 2: Quarterly Collection Rate – Actual vs Target

	Actual	Target
June 2025 Quarter (24 June - 28 September) *collection rate as of end of Period 5	98.2%	95%
March 2025 Quarter (25 March - 23 June)	96.4%	95%
December 2024 Quarter (25 December - 24 March)	97.5%	95%
September 2024 Quarter (29 September - 24 December)	98.9%	95%

Note: Collection rates improve as rent arrears are resolved and can be higher than previously reported.

Vacant Premises

4.4 The MSCI All-Property index compares vacancy rates from across the UK, based on estimated rental values of void units as a proportion of the whole portfolio. At the end of Period 5, Places for London had a void rate of 11.9 per cent of its portfolio by value, 0.2 per cent above the MSCI (market average) of 11.7 per cent. Table 3 below sets out the per cent of voids by portfolio value, from April 2024 to August 2025.

Table 3: Per cent Void by Portfolio Value (April 2024 to August 2025)

	2024	2025				
Category	**Period 1 (28 Apr)**	**Period 1 (27 Apr)**	**Period 2 (25 May)**	**Period 3 (22 Jun)**	**Period 4 (20 Jul)**	**Period 5 (17 Aug)**
Places Void + Projects (Includes units undergoing minor works and refurbishment)	14.4%	11.0%	11.3%	11.0%	11.8%	11.9%
Places Void	8.5%	6.8%	7.8%	7.5%	8.0%	7.9%
MSCI All-Property	10.3%	12.0%	11.8%	12.2%	11.7%	11.7%

Long-Term Vacancy Plan

4.5 The Asset Management team is addressing its vacant portfolio through a capital investment programme to enhance capital values and income streams, as well as through a programme of works for premises with high opportunity costs. In total:

(a) 174 units are in the pipeline for refurbishment (capital projects) with an estimated annual rental value of £2.7m;

(b) 36 units require some minor works and have an estimated rental value of £0.8m; and

(c) 154 units are either on the market or under offer with an estimated rental value of £5.1m.

Table 4: Number of Vacant Units by Estimated Rental Value

	Estimated Rental Value				
	£50,000+	**£25,000 - £49,900**	**Under £25,000k**	**Unknown**	**Total**
Minor Works	5	3	25	3	36
Capital Project	13	20	67	74	174
Marketing	11	14	39	54	118
Under Offer	23	21	41	3	88
Development Site	0	2	0	21	23
Uneconomical	4	8	54	35	101
Pending Assessment	16	14	150	57	237
Total	**72**	**82**	**376**	**247**	**777**

5 Homes Delivery

5.1 To date, we have achieved a total of 4,413 starts on site, of which 1,644 have reached practical completion with 56 per cent of those completions being affordable.

5.2 This financial year, we have completed 190 homes on sites at Fenwick (46 homes, 100 per cent affordable) and Wembley Park Phase E (144 homes, 40 per cent affordable). Barkingside (98 homes, 100 per cent affordable) is forecast to be complete by the end of November. Little Chalfont is expected to start on site by the end of September 2025 (540 units made up of 380 homes including 40 per cent affordable, a retirement village with 100 units (one, two and three bedroom homes) and a 60 room care home).

5.3 There are potential further 860 starts on site this year, though this number includes some 820 homes reliant on planning approvals and Section 106 obligations, with the remainder being delivered by third parties.

5.4 We are on track to achieve five of our seven residential milestones with two at risk. At Bollo Lane, we have now been waiting for over 40 weeks for Gateway 2 approval from the Building Safety Regulator. This delay has impacted subsequent milestones, pushing out start on site (main works) to March 2026. This milestone was previously forecast for October 2025. The Architects Journal recently reported that, across the UK, there are 72 Gateway 2 applications – comprising a total of 18,436 homes – still awaiting approval beyond the statutory target of 12 weeks.

5.5 The other milestone at risk relates to Earls Court, where we are still awaiting a date for the planning committee. The scorecard target date is 29 December 2025.

5.6 Our overall programme currently comprises 24,000 homes including major schemes at Edgware, Earls Court, Limmo Peninsula and North Greenwich.

5.7 To date, 1,644 homes have been completed the programme currently has 20,590 homes in active projects. Of these 3,398 homes have planning consent (including 2,769 in construction), 3,365 homes have planning committee approval (awaiting a final decision on Section 106 to be granted), 4,415 homes with planning applications submitted but pending determination and a further 9,412 homes that are currently pre-application.

6 Performance Against Scorecard Delivery Milestones

6.1 We have achieved eight of our 15 Delivery milestones and are on track to achieve 12 out of the 15 milestones at full year. The full list of Delivery milestones is included at Appendix 1.

6.2 Progress continues at High Barnet where, on 27 June, we submitted a planning application for 283 new homes (40 per cent affordable) in our West London Partnership joint venture with Barratt London. The scheme remains on track for planning committee consideration before year end, with a projected start on site in March 2026, subject to approvals.

6.3 On 23 July 2025, the Barnet Strategic Planning Committee approved our planning application with Ballymore for Edgware town centre, which will deliver 3,365 new homes (35 per cent affordable) and 463 student accommodation spaces. The development is expected to create over 1,400 full-time jobs, generating £80m annually for the local economy.

6.4 Initial feasibility outputs and due diligence in relation to the proposed Camden Town station redevelopment were presented to the Places Delivery Group in September 2025. Key findings were reported, and next steps agreed, resulting in a shared commitment for Investment Planning and Places for London to continue incremental investment to allow continued feasibility and development of options in respect of a station upgrade proposal and associated development opportunities.

6.5 Three of the 15 milestones are at risk. In addition to the delays incurred in the Earls Court and Bollo Lane referred to earlier in this paper, at Seven Sisters the planned opening of the temporary market was delayed until 1 September 2025 against a target of 30 June 2025. That said, the market is trading well and a launch event will take place on 4 October 2025.

7 Sustainability and Inclusivity

7.1 We continue to make good progress towards achieving our Sustainability and Inclusivity milestones. By the end of Period 5, one milestone was complete and seven on track, with two at risk of delay. None have been missed. The full list of Sustainability and Inclusivity milestones is included at Appendix 3.

7.2 Electric Vehicle Hubs – construction of the electric vehicle charging hub at Hatton Cross started on site on 11 August 2025, against a target of 30 September 2025. We expect the hub to open to the public by the end of the current financial year. Work on three further hub sites is progressing well, as are our plans to open a total of 25 hubs by 2030.

7.3 Deliver four Net Zero Carbon demonstrators – we have made significant progress in the past quarter and are preparing to appoint design and build contractors to complete retrofit works at the four sites. Completion by the 31 March 2026 deadline remains achievable but is reporting amber due to limited leeway in the programme. Teams across Places for London are working to mitigate the risk of delay in delivery.

7.4 Skills Academy – we are proud to have recently achieved the notable milestone of training a total 10,000 people in construction skills. This year we plan to train 1,400 people and get 622 into jobs in the sector. There were delays in establishing a Skills for Business programme with our tenants, but a remedial plan is in place, and we are optimistic about meeting the 31 March 2026 deadline.

8 2025/26 Scorecard

Safety and Risk

8.1 There were no people killed or seriously injured on the Places for London estate, and tenant compliance sits at 2.9 per cent, well below our five per cent target. Further detail is included above in the Safety and Risk update.

Colleague Representation

8.2 All four of our colleague representation figures remain above target.

People Milestones

8.3 We are currently on track to reach all five of our People milestones. The roll out of the Places for Learning Sharepoint site, Action on Inclusion delivery plan and the launch of our Places for London Employee Value Proposition are all set to be completed by 30 September 2025. We will be hosting our second of four All Staff Stand Down days on 15 October 2025 with a focus on diversity, equity and inclusion. The full list of People milestones is included at Appendix 4.

Homes

8.4 As at Period 5, we are on track to achieve our homes targets.

Delivery Milestones

8.5 We are forecasting to achieve 12 of our 15 Delivery Scorecard milestones by the end of the year. Further detail is included at section 6 above.

Finance

8.6 We are on track to meet all our financial metrics.

Sustainability and Inclusivity Milestones

8.7 We are on track to achieve all 10 of our Sustainability and Inclusion milestones for this financial year. Further detail is included at section 7 above.

9 Market Context

Economic Background

9.1 The UK economy slowed after a strong start to 2025, with Gross Domestic Product (GDP) growth of 0.3 per cent in Quarter (Q) 2 of 2025 compared with 0.7 per cent growth in Q1 2025. Inflation increased to 3.8 per cent in July 2025. Uncertainty is leading to a weak forecast for GDP growth in Q3 2025 of just 0.04 per cent.

9.2 The Bank of England's Monetary Policy Committee cut interest rates again in August, bringing the rate down to four per cent. Increasing inflation and a weakened job market make it unlikely a further cut will come at the September meeting, although Oxford Economics is forecasting one more cut before the end of the year. The Bank's Governor recently said that rates were still on a

downward trajectory but that ‘future rate cuts will need to be made gradually and carefully’. Lower interest rates can unlock greater activity, however coverage of potential changes to property taxes in the coming Budget may stall consumer confidence.

London Residential Market

9.3 London house price growth slowed slightly in Q2 2025, rising by 0.6 per cent over the period compared with 0.7 per cent in Q1 2025. Surveyors have been reporting increasing buyer enquiries, meanwhile new instructions have decreased. This could see price growth increasing, potentially supported by decreasing interest rates, although this will take time to materialise as consumer confidence remains weak. The new build market remains slow, with sales activity down at levels last seen in 2009.

9.4 The rental market in London has begun to accelerate again, with 0.8 per cent growth in Q2 2025. There was a temporary easing of stock shortages in May and June 2025, but levels of stock have fallen again. Landlords in London have the lowest confidence in the outlook and performance of the rental market of anywhere in the UK, according to the National Residential Landlords Association. Less stock and high demand could put upwards pressure on prices.

9.5 New private for sale development remains challenging in London, with weak demand from both domestic and international buyers. Across the capital, only 698 new homes started construction in Q2 2025– the lowest level recorded. The low level of new development is expected to continue over the near future as demand remains weak and viability is impacted by high build costs, lack of labour availability and ongoing building safety delays.

9.6 There were no new Build to Rent starts in Q2 2025. This compares with a quarterly average of around 1,700 during 2021 to 2023. Despite rents growing, the development landscape has made it more challenging to bring forward new schemes.

London Commercial Market

9.7 Investor confidence stabilised in July and August, with a 15 per cent increase in investment volumes in Q2 2025 compared to Q1 2025. Uncertainty continues, however, around the impact of US tariffs and ongoing global conflicts. This is evident in the 2.2 per cent drop in year-on-year spend trends in central London retail, an acceleration from 1.5 per cent in Q1 2025. In the second half of the year, cautious consumer spend will likely remain a key feature ahead of the UK Governments Budget.

9.8 Central London office leasing saw an uptick in leasing activity, some 16 per cent above the 10-year long-term average for Q2 2025. Insurance and Financial Services drove activity in central London, although there has also been strong take-up from Technology and Media Services in the City fringe sub-market, especially from Software/Apps and Artificial Intelligence sub-sectors. Vacancy rates in both the West End and the City are up slightly quarter-on-quarter, partially due to an elevated development pipeline.

Opportunities and Risks

9.9 The opportunities for Places for London in the current market include:

(a) the additional interest rate cut by the Bank of England should feed through to lower mortgage rates, improving the affordability for potential homebuyers and unlocking some more activity;

(b) continued strong real wage growth in London, outpacing the UK, could support retail and leisure spending in the capital, alongside underpinning residential rental growth moving forward;

(c) stronger economic growth forecast for London in 2025 and 2026 compared with the UK will support demand for commercial and residential space;

(d) Buy to Let landlords continue to exit the rental market, with 24 per cent of landlords intending to sell properties ahead of the introduction of the Renters (Reform) Bill – this will further reduce rental supply, supporting the need and demand for Build to Rent; and

(e) fewer planning permissions and applications coming forward for residential development in London will mean that schemes already consented will face less competition for end-users (renters or purchasers) once completed.

9.10 The risks for Places for London in the current market include:

(a) higher inflation, coupled with ongoing global economic uncertainty, could lead to slower pace of interest rate cuts by the Bank of England, which would mean mortgage rates stay higher for longer, acting as a brake on sales demand;

(b) “higher for longer” interest rate environment, as currently forecast, will increase the cost of capital for Places for London;

(c) delays caused by the Building Safety Regulator Gateway sign-off process are slowing down new development and could lead to higher costs for Places for London to bring forward new schemes – at the same time, tender price inflation is forecast to continue to rise, which highlights potential pressure on viability of new developments;

(d) rental affordability is slowing the rate of growth, which could impact the viability of some Build to Rent developments when coupled with higher build costs;

(e) slowing retail sales, combined with higher inflation and costs, could impact retailers within Places for London’s portfolio; and

(f) increase business costs and fit-out costs will likely lead to higher lease renewals in 2025, slightly restricting new leasing activity.

(g) in addition, the Investment Strategy being adopted by Places for London, with greater participation in certain developments (such as Southwark) means that the aggregate level of guarantees (both for asset development

and against asset performance) being committed by Places for London has increased, and could ultimately constraint its ability to raise capital.

List of appendices to this report:

Appendix 1: Places for London Scorecard 2025/26 - Period 5
Appendix 2: Delivery Scorecard Milestones - Period 5
Appendix 3: Sustainability and Inclusivity Scorecard Milestones - Period 5
Appendix 4: People Scorecard Milestones - Period 5

A paper containing exempt supplementary information is included on Part 2 of the agenda.

List of Background Papers:

None

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