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## **THE CABINET**

**Wednesday, 25th July, 2018 at 8.15 pm in the Conference Room,  
Civic Centre, Silver Street, Enfield, EN1 3XA**

### **Membership:**

Councillors : Nesil Caliskan (Leader of the Council), Daniel Anderson (Deputy Leader of the Council), Yasemin Brett (Cabinet Member for Public Health), Alev Cazimoglu (Cabinet Member for Health & Social Care), Guney Dogan (Cabinet Member for Environment), Achilleas Georgiou (Cabinet Member for Children's Services), Nneka Keazor (Cabinet Member for Community Safety & Cohesion), Dino Lemonides (Cabinet Member for Housing), Mary Maguire (Cabinet Member for Finance & Procurement) and Ahmet Oykenner (Cabinet Member for Property and Assets)

### **Associate Cabinet Members**

Note: The Associate Cabinet Member posts are non-executive, with no voting rights at Cabinet. Associate Cabinet Members are accountable to Cabinet and are invited to attend Cabinet meetings.

Dinah Barry (Associate Cabinet Member – Non Voting), George Savva MBE (Associate Cabinet Member – Non Voting) and Ahmet Hasan (Associate Cabinet Member – Non Voting)

### **NOTE: CONDUCT AT MEETINGS OF THE CABINET**

Members of the public and representatives of the press are entitled to attend meetings of the Cabinet and to remain and hear discussions on matters within Part 1 of the agenda which is the public part of the meeting. They are not however, entitled to participate in any discussions.

Cabinet are advised that any recommendations included within the reports being considered by Cabinet as part of this agenda, that are for noting only, will not be subject to the Council's call-in procedures. Such recommendations are not deemed to be decisions of the Cabinet, but matters of information for the Executive.

## **AGENDA – PART 1**

### **1. APOLOGIES FOR ABSENCE**

### **2. DECLARATION OF INTERESTS**

Members of the Cabinet are invited to identify any disclosable pecuniary, other pecuniary or non pecuniary interests relevant to items on the agenda.

## **DECISION ITEMS**

### **3. URGENT ITEMS**

The Chair will consider the admission of any reports (listed on the agenda but circulated late) which have not been circulated in accordance with the requirements of the Council's Constitution and the Local Authorities (Executive Arrangements) (Access to Information and Meetings) (England) Regulations 2012.

Note: the above requirements state that agendas and reports should be circulated at least 5 clear working days in advance of meetings.

### **4. DEPUTATIONS**

To note, that no requests for deputations have been received for presentation to this Cabinet meeting.

### **5. ITEMS TO BE REFERRED TO THE COUNCIL**

To agree that the following items be referred to full Council:

1. Report No.25 – Annual Treasury Management Report 2017/18
2. Report Nos.31 and 36 – Reardon Court Extra Care Housing (for the addition to the Council's capital programme)

### **6. REVENUE AND CAPITAL OUTTURN 2017/18 (Pages 1 - 32)**

A report from the Executive Director – Resources is attached. **(Key decision – reference number 4699)**

(Report No.24)  
(8.20 – 8.25 pm)

**7. ANNUAL TREASURY MANAGEMENT REPORT 2017/18** (Pages 33 - 42)

A report from the Executive Director – Resources is attached. **(Key decision – reference number 4716)**

(Report No.25)  
(8.25 – 8.30 pm)

**8. BUDGET 2019-20 AND FUTURE YEARS** (Pages 43 - 54)

A report from the Executive Director – Resources is attached. **(Key decision – reference number 4715)**

(Report No.26)  
(8.30 – 8.35 pm)

**9. ROOF SPACE CONVERSIONS** (Pages 55 - 64)

A report from the Executive Director – Place and Executive Director - Resources is attached. **(Key decision – reference number 4679)**

(Report No.28)  
(8.35 – 8.40 pm)

**10. SECTION 75 AGREEMENT: APPROVAL OF REVISIONS FOR 2018/19**  
(Pages 65 - 74)

A report from the Director of Health and Adult Social Care is attached. **(Key decision – reference number 4693)**

(Report No.30)  
(8.40 – 8.45 pm)

**11. GENOTIN ROAD CAR PARK, ENFIELD TOWN** (Pages 75 - 98)

A report from the Executive Director – Place is attached. (Report No.42, agenda part two also refers) **(Key decision – reference number 4567)**

(Report No.41)  
(8.45 – 8.50 pm)

**12. REARDON COURT EXTRA CARE HOUSING** (Pages 99 - 116)

A report from the Director of Health and Adult Social Care and Executive Director – Resources is attached. (Report No.36, agenda part two also refers) **(Key decision – reference number 4710)**

(Report No.31)  
(8.50 – 8.55 pm)

**13. MERIDIAN WATER PROGRAMME UPDATE** (Pages 117 - 128)

A report from the Executive Director – Place is attached. This should be read in conjunction with Report No.38, agenda part two refers. **(Key decision – reference number 4033)**

(Report No.33)

(8.55 – 9.00 pm)

**14. MERIDIAN WATER - HOUSING INFRASTRUCTURE FUND** (Pages 129 - 192)

A report from the Executive Director – Place is attached. **(Key decision – reference number 4711)**

(Report No.34)  
(9.00 – 9.05 pm)

**15. MERIDIAN WATER EMPLOYMENT APPROACH** (Pages 193 - 224)

A report from the Executive Director – Place is attached. This should be read in conjunction with Report No.40, agenda part two refers. **(Key decision – reference number 4717)**

(Report No.35)  
(9.05 – 9.10 pm)

**16. SHAREHOLDER BOARD - AMENDMENT TO TERMS OF REFERENCE**

At its meeting on 14 February 2018, Cabinet agreed the terms of reference of the Shareholder Board.

The current terms of reference state that: “The Shareholder Board will consist of up to five Cabinet Members, to be elected annually by the Cabinet”.

The Cabinet is asked to agree that:

1. The terms of reference be amended to increase the membership to **six** Cabinet Members.
2. That the Deputy Leader (Councillor Daniel Anderson) be added to the membership, as agreed at the Cabinet meeting on 4 July 2018.

**17. ISSUES ARISING FROM THE OVERVIEW AND SCRUTINY COMMITTEE**

To note that there are currently no issues arising from the Overview and Scrutiny Committee for consideration at this meeting.

**18. CABINET AGENDA PLANNING - FUTURE ITEMS** (Pages 225 - 230)

Attached for information is a provisional list of items scheduled for future Cabinet meetings.

**19. MINUTES** (Pages 231 - 240)

To confirm the minutes of the previous meeting of the Cabinet held on 4 July 2018.

## **INFORMATION ITEMS**

### **20. ENFIELD STRATEGIC PARTNERSHIP UPDATE**

To note that there are no written updates to be received.

### **21. DATE OF NEXT MEETING**

To note that the next Cabinet meeting is scheduled to take place on Wednesday 12 September 2018.

## **CONFIDENTIAL ITEMS**

### **22. EXCLUSION OF THE PRESS AND PUBLIC**

To consider passing a resolution under Section 100(A) of the Local Government Act 1972 excluding the press and public from the meeting for the items of business listed on part 2 of the agenda on the grounds that they involve the likely disclosure of exempt information as defined in those paragraphs of Part 1 of Schedule 12A to the Act (as amended by the Local Government (Access to Information) (Variation) Order 2006).  
(Members are asked to refer to the part 2 agenda)

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**MUNICIPAL YEAR 2018/2019 – REPORT NO. 24****MEETING TITLE AND DATE**

**Cabinet:** 25th July 2018

**REPORT OF:  
Executive Director of Resources**

Contact: Fay Hammond  
Tel: 0208 379 2662

<b>AGENDA PART 1</b>	<b>ITEM: 6</b>
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<b>SUBJECT - REVENUE &amp; CAPITAL OUTTURN 2017/18</b>
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<b>Key Decision No: 4699</b>
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<b>Cabinet Member consulted: Cllr Maguire</b>
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**1. EXECUTIVE SUMMARY**

1.1 This report sets out the outturn position for 2017/18 for:

- General Fund Revenue account - £2.9m overspend on services, offset by savings in Corporate budgets and grants to achieve a balanced position. (Section 4.1)
- £6.7m Capital receipts were also applied in year to fund transformation expenditure. This funding is one-off and alternative funding must be identified for on-going or future projects (Section 4.7)
- Housing Revenue Fund Account (HRA) - £2m underspend for 2017/18 which has been added to HRA balances for future use (Section 5)
- Dedicated Schools Grant (DSG) funded expenditure - a deficit of £3.36m on DSG was brought into 2017/18. This deficit has reduced to around £0.7m during the year (Section 4.6)
- General Fund and HRA Capital programmes - the Council's overall Capital Programme was underspent by £40.208m due to re-profiling for changes in project timelines (Section 6)
- Collection Fund balance at year end, detailing the achievement of Council Tax and Business Rates income (Section 4.4)
- 2017/18 Savings – Section 4.2 reviews achievement of savings

1.2 The report also provides information on the Council's current level of reserves. Overall reserves have increased from £45.4m to £64.3m during 2017/18. This is due to planned contributions to risk and smoothing reserves, some of which are ring-fenced, whilst service specific reserves have reduced (Section 4.3)

## **2 RECOMMENDATIONS**

It is recommended that Cabinet:

- 2.1 Notes the General Fund, Housing Revenue Account (HRA) and DSG revenue outturn for 2017/18.
- 2.2 Notes the Capital outturn and the funding of the Council's capital expenditure for 2017/18 as set out in this report (paragraphs 6.3 & 6.4).

## **3. INTRODUCTION**

- 3.1 Enfield's 2017/18 budget required the delivery of £21.5m savings in response to a reduction in core government funding of £13.6m and inflationary, demographic and service cost pressures. Furthermore, for 2017/18, an ambitious capital programme was set to deliver the Council's regeneration and investment priorities.
- 3.2 This report sets out the overall Council General Fund and Housing Revenue Account (HRA) revenue and capital outturn position for 2017/18, with detailed service information provided in Appendices A to F (Revenue) and Appendix I (Capital). It also summarises the outturn position against the Dedicated Schools Grant (DSG) for 2017/18. The report also provides a summary of the end of year reserves and balances position, which are set out in detail in Appendix G and the balance on the collection fund. Use of capital receipts to fund transformation expenditure is summarised in Appendix H.

## **4. 2017/18 REVENUE OUTTURN POSITION**

### **4.1 GENERAL FUND OUTTURN**

- 4.1.1 The final outturn position is set out in Table 1 below. It provides a comparison between the latest budget and final outturn. Whilst the overall outturn position for 2017/18 is within budget it should be noted that there was a £2.9m adverse variance against service budgets, which was offset by favourable variances in Corporate budgets and grant income.
- 4.1.2 The revenue budget forecast position as at 31<sup>st</sup> January 2018 as reported to Cabinet in March (KD4550), projected an adverse variance of £2.3m; the outturn position represents an increase of £0.6m over this projection. In summary, increased adverse budget variances in Finance, Resources and Customer Services and Health, Housing and Adult Social Care, were partially offset by more favourable variances in Chief Executive and Schools and Children's Services.



<b>Table 1: Service Departments Revenue Outturn Position 2017/18</b>	<b>Budget £'000</b>	<b>Net Spend £'000</b>	<b>Variance £'000</b>
Chief Executive	9,076	7,614	(1,462)
Regeneration & Environment	21,472	20,349	(1,124)
Finance, Resources & Customer Services	44,493	45,482	989
Health, Housing & Adult Social Care	77,286	79,496	2,210
Schools & Children's Services	42,165	44,491	2,326
<b>Service Net Costs</b>	<b>194,492</b>	<b>197,431</b>	<b>2,939</b>
Corporate	33,933	32,836	(1,097)
<b>Net Expenditure</b>	<b>228,425</b>	<b>230,267</b>	<b>1,842</b>
<b>Expenditure financed by:</b>			
Revenue Support Grant	(34,050)	(34,050)	0
Business Rates	(73,139)	(73,139)	0
Collection Fund	297	299	2
Other non-ring-fenced Government Grants	(7,364)	(9,208)	(1,844)
Council Tax	(114,169)	(114,169)	0
<b>General Fund Corporate Financing</b>	<b>(228,425)</b>	<b>(230,267)</b>	<b>(1,842)</b>
<b>General Fund Grand Net Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

Budgets shown in Table 1 are controllable departmental budgets excluding capital and asset impairment charges, which are not directly controlled by departments.

A more detailed explanation of significant budget variations is included in Appendices A to F and these are summarised by department below:

#### 4.1.3 Chief Executive's (Appendix A)

Chief Executive's service reported a favourable variance of £1.5m (budget of £9.076m), partly due to restrictions imposed on discretionary expenditure which achieved an in-year saving of £0.4m. A decision to fund CCTV equipment from capital resulted in a saving of £0.4m. Other favourable variances included an increase in the agency rebate and schools' traded income.

#### 4.1.4 Regeneration & Environment (Appendix B)

In 2017/18 R&E reported a favourable variance of £1.124m (budget £21.472m) and this was mainly due to favourable variances described below:

- A favourable variance in parking; due to efficiencies achieved in the Parking Contract, temporary increase in receipts from parking measures introduced to control the flow of traffic across the Borough.
- A favourable variance in Cemeteries, which is due to Cemeteries income over achievement.
- A favourable variance in Commercial Waste Services; due to Waste disposal underspend and additional income generated from a successful marketing.
- A favourable variance in Commercial Services (Parks Assets and contracts), which is mainly due to BIFFA contract efficiencies and income over achievements from Parks Assets.
- An adverse variance due to Parks traveller incursion costs.

#### 4.1.5 Finance Resources and Customer Services (Appendix C)

Finance, Resources and Customer Services reported an adverse variation of £1m (budget £44.493m) which was predominantly due to the following:

- Delays in achieving the anticipated Bund income for 2017/18 combined with an unrealisable commercial property income target which was to be delivered following capital investment in investment properties (£0.76m).
- Additional temporary staff costs in the assessment hub needed to meet growth in demand as well as a continued shortfall against budgeted income required in the collection of court cost fees (£0.24m) and these will continue into 2018/19.
- In addition to the above it should be noted that approximately £3.4m was applied to deal with departmental pressures through the flexible use of capital receipts as detailed in paragraph 4.7 and Appendix H.

#### 4.1.6 Health, Housing and Adult Social Care (Appendix D)

Health, Housing and Adult Social Care reported an overspend position of £2.210m (budget £77.286m). The key budget variances are set out below:

- Increasing demand for Care Packages in Older People, People with Physical Disabilities, Learning Disabilities and Mental Health resulting in adverse budget pressures in 2017/18. Substantial savings have been made in year across all services, however, demand for services continues to rise because of demographics, especially within Learning Disabilities where the demographics locally is higher than the national average. One-off costs were incurred for Bridgewood House because of the delay in opening the Home.
- General Fund Housing Services pressures in Temporary Accommodation and Housing Related Support were funded in 2017/18 through the Flexible Homelessness Support Grant. Is it planned that the grant will continue to support on-going pressures in Temporary Accommodation but the use of the grant for Housing Related Support was a one-off for 2017/18 only and therefore may potentially result in a cost pressure being brought forward into 2018/19.

#### 4.1.7 Schools and Children's Services (Appendix E)

Schools and Children's Services reported an overspend of £2.326m (budget of £42.165m). Although this was an improvement from the latest reported position (£2.994m overspend), there remain underlying cost pressures as set out below:

- Education Services were overspent mainly due to an ongoing pressure of £1.8m in demand for SEN transport services.
- This was partially offset by an underspend in other areas resulting from in-year delays in recruitment and one-off corrections to historic goods receipting.
- Children's Services were overspent in a number of demand led services including Special Guardianship Allowances due to increased number of orders; External Child Care Placements due to secure

remand placements; agency fostering placements, and a high cost placement in a residential school for a young person with severe and complex needs.

- Other areas of overspend included additional income targets for traded services not achieved due to increased competition in the market.

#### 4.1.8 Corporate Expenses (Appendix F)

Corporate Expenses has reported a favourable outturn position of £1.1m under budget, made up from a £5m favourable variation against the Capital Financing and Treasury Management budget; £4m adverse variation against Corporate Expenses, Reserves and Provisions and a £0.1m underspend on Levies.

The £5m underspend on the Capital Financing budget was mainly due to more favourable interest rates and our strategy to benefit from historically low short term borrowing rates. This underspend has offset a shortfall of £2m against the Enfield 2017 savings target, which was forecast and reported to Cabinet in year as part of the regular monitoring process. This shortfall is being addressed through the organisational review, which implements the outstanding actions from the Enfield 2017 programme. The first stage of the review, restructuring the top three levels, has been completed and the next stages are in progress. Full year savings will be realised in 2019/20.

The underspend position on Capital Financing also allowed us to make additional contributions to Reserves which makes up the rest of the £4m variation. This includes contributions to the Redundancy reserve, which is expected to be needed in 2019/20 to meet redundancy costs associated with the Organisational Review, and to the Risk Reserve to mitigate against unbudgeted pressures.

#### 4.2 2017/18 Savings

4.2.1 In setting the 2017/18 budget an ambitious savings target of £21.5m was approved, comprising £13.4m of new savings and £8.1m of full year effects of previous decisions across all services. The majority of these savings were either achieved as planned in year or have been substituted via alternative mitigating actions, however a number of savings were not achieved during 2017/18 for a variety of reasons: These include service cost pressures; overly ambitious income targets; unrealistic time frames for delivery of savings; and reconsideration of council priorities.

4.2.2 Implementation of some savings proposals was delayed due to reconsideration of phasing or unforeseen complications in delivery, but work continues to ensure the savings can be achieved in 2018/19 or later years. For example an outstanding saving relating to the later phases of the Enfield 2017 programme will be delivered through the organisational review which is reviewing the council's management structure. Bund income was not achieved in 2017/18 due to delays in

planning consent but the intention is that this will be realised on a revised timescale over the medium term.

- 4.2.3 Service cost and demographic pressures have compromised the delivery of a number of savings, including SEN transport and No Recourse to Public Funds, where client numbers continued to rise.
- 4.2.4 A number of savings were predicated on what have proved, in the current economic climate, to be over-ambitious income targets. These include traded services with schools, where market conditions have become more competitive and Land Charges where there has been a decline in the housing market.
- 4.2.5 As noted some of these unachieved savings will be progressed and delivered during 2018/19, however, where these remain as pressures in 2018/19 and future years, savings targets in the MTFP have been updated to reflect these unachieved savings from prior years. Additional scrutiny and member challenge will be carried out in relation to 2019/20 budget proposals to ensure these are deliverable.

### **4.3 Earmarked Reserves (Appendix G)**

- 4.3.1 The overall level of General Fund earmarked reserves at 31<sup>st</sup> March 2018 has increased by £18.9m to £64.3m (£45.4m 31<sup>st</sup> March 2017). This consists of:
- (£0.9m) reduction in earmarked service reserves
  - £1.1m increase in risk reserves
  - £11.3m increase in smoothing reserves
  - £7.9m minimum revenue reserve ring-fenced for future capital financing requirement
  - (£0.5m) reduction in other reserves
- This excludes ring-fenced reserves such as Public Health and Dedicated Schools Grant reserves.
- 4.3.2 HRA reserves have decreased by £7.1m from £20.7m to £13.6m, this being mainly due to additional contributions towards the major works capital programme and the revenue repairs and maintenance budget. Additional funding was required for fire safety works and checks following the tragic Grenfell Tower fire.
- 4.3.3 The position on the DSG reserve has improved from the £3.4m deficit brought forward at 1<sup>st</sup> April 2017 to a £0.7m deficit at 31<sup>st</sup> March 2018, due partly to a budgeted top-slicing of the DSG to re-instate part of the overspend on the reserve and partly to a further underspend during the year.
- 4.3.4 Details of total reserves as at 31<sup>st</sup> March 2018 are set out in Appendix G. The table shows that there was a decrease of £0.9m in service specific earmarked reserves which have been drawn down to fund specific projects or to help fund unbudgeted pressures. The overall increase in reserves is due to planned contributions to corporate risk and smoothing reserves. It is critical to the financial sustainability of the

Council that the risk and smoothing reserves are sufficient to provide a buffer against the risk of further cuts to local government funding after the end of the current Spending Review period in 2020/21. This includes uncertainty around overall funding levels with the implementation of the fair funding formula, future of grants such as public health, flexible homelessness grant and new homes bonus and the government agenda to move towards council reliance on local taxation as the only funding source.

4.3.5 In addition, the general economic uncertainty, including continued austerity and potential impact of Brexit, demographic and cost pressures within the revenue budget have been highlighted in this report through the service outturn variations. Key areas of risk remain in the medium term, notably for demand led services in Adults and Children's Social care and Housing. Robust reserves will help us to manage these revenue pressures in the medium term and to counter the inherent risks associated with an ambitious capital programme.

4.3.6 Enfield council has taken advantage of the government's relaxation of the capital receipts regulations to support transformation. This flexibility is time limited and funding is dependent on availability of assets for sale and therefore, this is not financially sustainable in the long term. During 2018/19, consideration will be given to creating a transformation reserve by transferring funds from other reserves.

4.3.7 The main contributions to reserves were as follows:

- **Minimum Revenue Provision Equalisation reserve: £7.9m.** MRP is the annual provision that the Council has to set aside from revenue in order to meet borrowing costs. This reserve has been created in 2017/18 following a change in our MRP policy which resulted in a one-off reduced requirement to contribute to the provision in 2017/18. This will reverse in future years and the reserve is ring-fenced to smooth large fluctuations in requirements in one year.
- **Collection Fund Equalisation Reserve: £6m.** The Collection Fund records the Council's receipts of Council Tax and Business Rates. This reserve was created in 2017/18 in order to smooth volatility in business rates receipts mainly due to the difficulty in predicting the quantity and outcome of appeals and other changes in the tax base, which can result in large fluctuations in income. If we do not achieve the budgeted business rate growth, the reserve can be used to offset the deficit in 2019-20 or future years. This will become increasingly important as local government move to the new funding model from 2020/21 when Revenue Support Grant (RSG) is replaced by 75% retention of Business rates. For 2018/19 Enfield is participating in the London Pilot Pool which will retain 100% of business rates in place of RSG.
- **Interest Rate Equalisation Reserve £4m.** This reserve was created several years ago to smooth what can be large and sudden increases in interest rates. Due to historically low interest rates we have made additional contributions to this reserve which will be used in the medium term to offset increases in rates. It will also provide a buffer in

case of changes to the arrangements currently in place for funding major projects and borrowing by the Council's subsidiary companies.

#### 4.4 Collection Fund

4.4.1 The Collection Fund covers both council tax and business rates. The Collection Fund recorded the following performance in 2017/18:

- A total council tax surplus balance on the fund of £5.602m at 31<sup>st</sup> March 2018 (Enfield's share is 81.1%, £4.543m). The surplus is due to collection levels exceeding budgeted targets over the last two years.
- A total business rate deficit balance of £5.301m (Enfield's share is 30%, £1.590m). Non business rates growth and high requirement of provision for business rates appeals has created a deficit in this year's accounts.

Enfield's share of the Collection Fund balances is as follows:

<b>Table 2: Enfield Collection Fund Balances</b>	<b>Council Tax (81.1%) £'000</b>	<b>Business Rates (30%) £'000</b>	<b>Total £'000</b>
Final accounts balance brought forward	(2,072)	(641)	(2,713)
In Year Movement	(2,471)	2,231	(240)
<b>Balance carried forward 31 March 2018</b>	<b>(4,543)</b>	<b>1,590</b>	<b>(2,953)</b>

4.4.2 If all is equal, Enfield will recognise a deficit in the 2019/20 budget, when the 2019/20 NNDR1 is completed. However, the deficit could reduce or be eliminated if there is a net business rates growth or if there is an overestimated business rates appeals provision which can be transferred back into the collection fund when we are completing the 2019/20 NNDR1.

4.4.3 The Collection Fund Reserve was created during 2017/18 to offset such volatility (deficit) in future years. If there is no business rate growth, the reserve can be used to offset the deficit in 2019/20. Enfield is currently working with Capita to determine the first quarter forecast for business rates. If growth is forecast there will be less reliance on the reserve.

#### 4.5 General Fund Balance

4.5.1 The level of the General Fund balances at 31 March 2018 was unchanged at £14m. This level of balances excludes the amount attributable to schools' delegated budgets and is in line with the assumptions included in the Budget 2018/19 and Medium Term Financial Plan report considered by Council in February 2018.

4.5.2 School revenue balances reduced from £6.8m at 31<sup>st</sup> March 2017 to £2.5m at 31<sup>st</sup> March 2018. The large reduction reflects the number of schools in deficit plus academy conversions where the balances no longer sit with the Council. The balances retained by individual schools reflect their decisions in the use of their resources. School balances are

reported separately to other General Fund balances as they are held for specific school purposes and they are monitored in detail by the Schools Forum.

#### 4.6 **Dedicated Schools Grant (DSG)**

4.6.1 The Dedicated Schools Grant for 2017/18 totalled £236.0m (after academy recoupmnt). DSG is a ring-fenced grant, the majority of which is delegated to schools, as Individual Schools' Budgets. It also funds Early Years, High Needs provision and certain central education services provided by the Council such as admissions.

4.6.2 The DSG deficit bought forward to 2017/18 totalled £3.36m. This was offset by an agreed top slice of £1.457m from the 2017/18 DSG allocation and high needs contingency of £1.65m leaving a net deficit bought forward of £0.253m. During 2017/18 there were underspends on the Schools Block (-£0.387) and Early Years Block (-£0.452) and an overspend on the High Needs Block (£1.331m) resulting in a net overspend of £492k and a cumulative deficit at 31<sup>st</sup> March 2018 of £0.741m. It should be noted that due to a reduction in pupil numbers a clawback of £1m of 2017/18 Early Years funding is expected in 2018/19, which will increase the total DSG deficit to £1.741m. This represents an overall reduction in the deficit of over £1.5m.

#### 4.7 **Use of Capital Receipts (Appendix H)**

4.7.1 With effect from 2016/17 the Government provided a general capitalisation directive to all councils, giving them the option to utilise new capital receipts in 2016/17, 2017/18 and 2018/19. These receipts can be used to finance projects that are designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public-sector delivery partners. In the Provisional Local Government Financial Settlement of December 2017, the Government extended this flexibility for the three subsequent financial years, from 2019/20 to 2021/22.

4.7.2 Enfield has chosen to use this flexibility to fund a number of transformation projects in the last two years. £9.9m was used in 2016/17, whilst for 2017/18 £6.7m has been applied as detailed in Appendix H against transformational projects in Adult Social Care, Children's Services, IT and Procurement, with outcomes anticipated to produce future savings and/or provide improvements in service provision. It is planned to use this flexibility again in 2018/19 to fund a number of transformation projects, however in the medium to long term alternative funding would be needed to fund any further projects, as capital receipts may not be available and this flexibility will no longer be available after 2021/22.

4.7.3 The impact of using capital receipts to fund revenue transformation projects is that these receipts are not available to fund the council's

capital programme and, therefore, increase the council's borrowing requirements. On the basis of the current capital programme, if the capital receipts were to be applied to fund capital expenditure, this would have the estimated impact of reducing the annual minimum revenue provision in future years by £0.08m for each £1m of applied capital receipts. As set out in section 4.3 above, consideration is being given to the creation of a transformation reserve.

#### **4.8 Statement of Accounts**

The draft statements were certified by the Executive Director of Resources and shared with BDO (External Auditors) at the end of May, in accordance with the new statutory deadline. The final accounts are due to be presented to Audit Committee on 26<sup>th</sup> July.

#### **4.9 2018/19 and MTFP**

4.9.1 The 2017/18 outturn position will need to be considered alongside the 2018/19 budget position and Medium Term Financial Plan (MTFP). Key areas for consideration are:

- Unrealised savings pressures brought forward
- Consideration of the sustainability of capital receipts for transformation purposes
- Budget pressures across demand led services, some of which have been offset by the one-off use of grant (flexible homelessness grant)

4.9.2 In response to Northants issuing of a Section 114 notice, there is additional scrutiny on councils' financial resilience. This will form a key cornerstone to Enfield's Medium Term Financial Strategy for 2019/20 onwards.

### **5 HOUSING REVENUE ACCOUNT OUTTURN**

5.1 Since the Grenfell Tower disaster in June 2017, Enfield has been working closely with London Councils and the London Fire Brigade (LFB) to ensure minimal fire risk to the residents in the borough. This has led to fire prevention works being carried out within the repairs and neighbourhood teams.

5.2 Following the Welfare Reform and Work Bill in 2015 the council are required by law to reduce rents by 1% per annum for four years commencing in 2016/17, after this period the Government has announced that rents will increase by CPI +1%.

5.3 In 2017/18 phase 1 of the service charge review was completed. This identified savings within the Communal Services team and ensured full cost recovery of the Caretaking and CCTV service charges to tenants and leaseholders.

5.4 An overspend of £0.588m was estimated in the January 2018 monitor. The end of year position has changed to a £2m underspend due to the following reasons:



<b>Table 3: Housing Revenue Account Outturn Variances 2017/18</b>	<b>Variance £'000</b>
<p><b>Rents Dwellings</b></p> <p>Loss of income has been identified due to an increase in the number of RTB's. The budget expected 100 sales but the actual number of sales increased to 139. The reduction in income is £0.216m.</p>	216
<p><b>Non-Dwelling Rents</b></p> <p>There has been a reduction of £0.045m in garage rental income due to an increase in the void rate, estimated 55% compared to an actual void rate of 62.4%.</p> <p>A number of shops have become void which has resulted in a reduction in expected income of £0.108m. Loss of income of £0.049m from an aerial site due to block being demolished as part of the estate renewal schemes.</p>	202
<p><b>Repairs</b></p> <p>As a result of the Grenfell Tower disaster the planned repairs programme was delayed and reduced due to the additional health and safety works/checks that needed to take place. A review of spend also identified items that should be capitalised like boiler replacements, as these costs were included in the original budget this has increased the underspend position. The saving will be added to the repairs reserve for future years' contributions.</p>	(2,633)
<p><b>Supervision and Management General</b></p> <p>The main overspends were due to additional insurance costs of £0.250m for dwellings and environmental service recharges and staff costs of £0.208m in estate renewals. There were also security, communications, clearance and overtime costs of £0.153m incurred following the tragic Grenfell Tower fire to assist in fire prevention works.</p>	611
<p><b>Bad Debt provision</b></p> <p>The bad debt provision was increased in 2017/18 to account for the expected increase in level of arrears due to the introduction of Universal Credit. UC was introduced in Enfield in November and although the level of arrears has increased it hasn't been as high as expected due to a lower number of tenants that have moved to UC.</p>	(452)
<p><b>Other Items</b></p>	47
<p><b>HRA Underspend</b></p>	(2,009)
<p><b>Transfer to Reserves</b> To be used in funding future years' expenditure</p>	2,009
<p><b>Service Net Costs</b></p>	<b>0</b>

## 6. 2017/18 CAPITAL OUTTURN POSITION

- 6.1 The Council's Capital Programme for 2017/18 to 2020/21 was agreed by Council in February 2017. The Capital Programme is monitored and reported to Cabinet on a quarterly basis. Following quarter 4 monitoring, the total capital expenditure for 2017/18 amounted to £268.3m.

The next section illustrates the results of the Council's capital spending in 2017/18, and outputs delivered by key schemes are highlighted below.

### 6.2 Outcomes / Outputs

#### Highways and Streetscene (£6.986m)

As part of the Council's Capital Programme for Highways and Street Scene in 2017/18, 12km (7.5 miles) of carriageways were resurfaced, renewed 7km (4.5 miles) of footways, repaired approximately 18,000 highway defects such as potholes, paving trips and damaged kerbs and planted 600 street trees. The Council has installed 3 new composite footbridges (these require significantly lower maintenance than traditional forms of construction) and construction of several flood alleviation projects such as Gough Park and Prince of Wales Wetlands schemes.

#### Parks and Open Spaces (£2.014m)

£2.01m expenditure contributed to further developments made to Enfield's parks and open spaces. This includes the establishment of the new 3G Pitch at Enfield Playing Fields, spend on play equipment, and improvements to fencing and footway.

#### Transport for London: Cycle Enfield (Mini Holland) (£8.96m)

The Cycle Enfield programme involves a range of different projects. The key areas that made substantial progress in 2017/18 include works on the A105, the A1010 (South) and the Cycle Hubs (in Edmonton Green and Enfield Town). £1.4m of the total 2017/18 expenditure contributed to the further work on Quieter Neighbourhoods and Quietways, where a range of measures like lower speed limits are introduced to encourage drivers to show consideration to pedestrians.

#### Transport for London: Ponders End High Street (£1.6m)

Ponders End High Street Improvement Scheme was supported by TfL to transform a 600m section of the A1010 Hertford Road running through a local retail centre. The centrepiece of the new arrangements is a block paved treatment with courtesy crossings replacing an awkward 5-arm junction that lacked sufficient capacity to introduce pedestrian phases under the previous traffic signal control. Attractive block paving has been used along the footways to smarten the appearance of the street and new trees have been planted. A service road has been replaced with echelon parking inset into a more generous footway. Surplus lane width on the main road has been

reallocated to cycling. Scheme aims include: reducing pedestrian, cycle and driver casualties; smoothing traffic flow; providing better space and crossings for pedestrians; and changing the appearance of the street to reduce traffic dominance and reassert the road's historic high street identity.

#### Meridian Water (£105.6m)

£105.6m was spent on the Meridian Water project in 2017/18 as part of the regeneration of Upper Edmonton and Edmonton Green. £67m of this was for the purchase of key strategic site Stonehill. Other substantial expenditure was on rail infrastructure for the new Meridian Water station (£17m) and remediation works for the Willoughby Lane site in preparation for development (£9.4m).

#### Monmouth Road Green (The Crescent) (£29k)

The completed project was officially opened by Cllr Christine Hamilton, the Mayor of Enfield on 12th June 2017. This project has delivered the re-landscaping of a previously disused, grassed open space to create a calm space for residents and complements the Council-led improvements to The Crescent. The main triumph of this scheme was the participation of the community, from public consultation events and online consultation, through to St. Edmund's Catholic Primary School gardening club of undertaking planting. The project has been voted as one of the winners in the National Landscape Awards 2017 (Community and Schools Development category).

#### Edmonton Green Library (£2.4m)

Edmonton Green library reopened in October 2017 after a 'top-to-toe' refurbishment. The results matched the Council's ambitious plans to provide an unparalleled 21st century library service for residents. The library was transformed and upgraded to provide a modern and digital access centre, with several 'state of the art' computers, free wi-fi, extensive study space and self-service kiosks. There is also an array of fabulous learning resources for students and children and a dedicated local history and museum space to celebrate the area's rich history.

#### IT Investment (£9m)

As part of the £32m ICT Investment (approved in 2016/17), £9m was spent in 2017/18 on various projects aimed at improving the customer experience and improving overall efficiency. This included successful implementation of projects such Libraries Refurbishment, Customer queuing system, youth and community centres, further development of services on the customer platform, and telephony and commencement and delivery of initial implementation of an improved Social Care IT System.

#### Disabled Facilities Grant (£2.017m)

Enfield's Private Sector Housing Grants and Empty Property team support Enfield's disabled residents to remain living at home as independently and for as long as possible. The Council has supported

people with essential housing adaptations such as ramped access, stair lifts, level access showers, hoist etc. In 2017-2018, 222 referrals from Adult Social Care (including for children) were received and 180 applications were completed.

### Schools Capital Programme (£23.9m)

Work continues to progress on the Schools Capital Programme with further improvements made to school conditions and these include:

- New 100 place Pupil Referral unit on Orchardside School which opened January 2018 (£6.4m spend in 2017/18);
- Replacement of dining halls and new kitchens for both Brimsdown and Eldon schools (£4.4m spend in 2017/18);
- Heating and roofing installation on several schools including Broomfield (£2.3m in 2017/18).

## 6.3 Capital Outturn Position

6.3.1 Table 4 below provides a summary of 2017/18 expenditure and variances to budget. The budget includes virements within services since Q3. A breakdown of the variances between programme re-profiling and over/underspends is shown below in Table 5. Budgets are re-profiled in year when capital monitoring is reported to Cabinet. Detailed outturn expenditure and variances by project are shown in Appendix I. Explanations for variances over £0.500m are given in section 6.3.2

**Table 4: Outturn Variances by Service**

Capital Outturn	2017/18 Revised Budget £000's	2017/18 Outturn £000's	Total Variance £000's	Re-profiling of budgets to future years £000's	Over / (Under) spend Funded by Additional Resources £000's
<b>General Fund</b>					
Environment	33,938	22,805	(11,133)	(11,292)	160
Regeneration	78,216	107,452	29,236	29,236	0
Corporate	16,053	15,469	(584)	(703)	118
Health & Adult Social Care	4,137	4,300	163	(1,064)	1,227
Schools & Children's Services	31,251	23,871	(7,380)	(7,380)	0
<b>Total General Fund</b>	<b>163,595</b>	<b>173,896</b>	<b>10,302</b>	<b>8,797</b>	<b>1,505</b>
Housing Revenue Account	76,884	68,194	(8,690)	(8,690)	0
Companies (HGL, LVHN & EIL)	68,059	26,239	(41,820)	(41,820)	0
<b>Total Capital Expenditure</b>	<b>308,538</b>	<b>268,330</b>	<b>(40,208)</b>	<b>(41,713)</b>	<b>1,505</b>

Table 5: Variance analysis

Capital Budget Variations	Re-profiling to future years £'000	Project Over spend Funded by Additional Resources £'000	Total £'000
<b>Environment:</b>	-		(11,133)
Building Improvement Programme	(477)		
Highways and Streetscene	24		
Environmental Protection & Recycling	27	160	
Parks	(314)		
Transport for London Schemes	1 (9,467)		
Vehicle Replacement Programme	2 (1,084)		
			29,236
<b>Regeneration:</b>			
Broomfield House & The Crescent	(7)		
Electric Quarter	(444)		
Ponders End	(22)		
Economic Development	(92)		
Enfield Town	(137)		
Meridian Water	3 30,371		
New Southgate	(433)		
			(584)
<b>Corporate:</b>			
IT Investment	4 (1,298)		
Bury Street Depot	(221)		
Montagu Industrial Estate	5 1,824		
Forty Hall	(71)		
Other Corporate Schemes	(6)		
Libraries	6 (931)		
Vacant Properties		118	
			163
<b>Health &amp; Adult Social Care:</b>			
Mental Health & Wellbeing Centre	7 (938)		
Bridgewood House	(39)		
Decent Homes	(3)		
Enabling	(85)	1,227	
<b>Schools:</b>			
Schools Capital Programmes	8 (7,380)		(7,380)
<b>Housing Revenue Account:</b>			
Estate Renewals	9 (8,690)		(8,690)
			(41,820)
<b>Companies</b>			
Energetik	(205)		
Housing Gateway Ltd	10 (41,614)		
	<b>(41,713)</b>	<b>1,505</b>	
<b>Overall Variance</b>			<b>(40,208)</b>

Includes marginal rounding differences

The table below sets out the additional resources made available to fund capital projects since the Quarter 3 Capital Monitor to Cabinet. Small overspends have been contained within the overall 2017/18 budget.

<b>Additional Funding / Overspend</b>	<b>£'000</b>
Community Safety CCTVs Revenue Contribution	160
Enabling - RTB Receipts to Registered Providers	1,221
Ponders End (Highways) Revenue Contribution	37
	<b>1,418</b>
Other small variations	87
	<b>1,505</b>

### 6.3.2 Notes to Table 5: Explanations of variations over £500k

#### 1. TfL Grant Funded Programme (-£9.647m)

The variance reflects the difference between the current year spend and historic indicative budgets. From 18/19 onwards, budgets included in the Capital Programme will be based on TfL annual allocations, therefore removing artificial variances.

#### 2. Vehicle Replacement Programme (-£1.084m)

Fewer vehicles were delivered than originally anticipated in 2017/18. This is mainly due to:

- delivery of only 3 out of 14 bin waggons in 2017/18 due to a delay in the chassis arriving from Germany,
- change in the design of small tippers for street scene and parks,
- postponement in receiving 13 vehicles from Renault (France) due to delays in the company's production schedules.

#### 3. Meridian Water (+£30.371m)

This represents the final land acquisition payments for Stonehill Estate and Ikea Clear Site, originally profiled to 18/19.

#### 4. IT Investment (-£1.298m)

The IT Investment budgets have been re-profiled to reflect the accurate position for the programme. There were minor delays in the scheduled delivery of the following projects:

- Easy EDRMS Upgrade for Windows 7
- SAP E-Forms
- Mobile Working Servers and Software
- IPSoft Amelia

5. Montagu Industrial Estate (+£1.824m)

Following signed contract with Henry Booth Ltd, the land acquisition of Becketts Road (£1.7m plus fees) ensued just prior to the start of the new financial year.

6. Edmonton Green Library (-£0.910m)

With the completion of the Edmonton Green Library refurbishment; there is approximately £300k worth of retention costs outstanding. Proposals to utilise the projected underspend of £600k to establish 3 Access Centres (in Enfield Town, Palmers Green and Ordnance Unity) are currently being considered.

7. Mental Health and Wellbeing Centre (-£0.938m)

Discussions are currently underway between the council, CCG and voluntary sector with a view to commissioning a mental health and wellbeing hub.

8. Schools Capital Programme (-£7.380m)

A number of schemes, within the school's capital programme will continue into future years including the rebuild of Aylands School, the expansion of Debohun School, electrical works at Minchenden school and construction works at the Orchard side referral unit.

9. Estate Renewals (HRA) (-£8.690m)

The estate renewal budgets have been re-profiled to reflect the accurate position for all projects. The main reasons for the reprofiling are as follows:

- Alma: The Alma project budget has been re-profiled to reflect delays to the scheme. This has affected the spend profile of developer costs and leaseholder buybacks. The re-profiling has resulted in reduced spend in this financial year with costs re-profiled over future years.
- New Avenue: Vacant possession has now been obtained for phase 1 of this project, however, this has resulted in delays which has reduced the expected leaseholder buyback costs in 2017/18.
- Ladderswood: There is an estimated six-month delay to phase 2 of this project due unexpected cladding tests that need to be completed, some expected costs in this year have been moved into 2018/19.
- Small sites: Re-tendering of the original contract has resulted in additional contract costs to enable the completion of phase 2 of the project, however some expected costs have moved into 2018/19.
- Feasibility: feasibility studies and planning preparations are being completed on several small sites schemes, which has increased the cost of the estate renewal budget this year. These schemes include Newstead and Upton and Raynham.

The re-profiling has resulted in reduced spend in this financial year with increased costs profiled over future years. These assumptions have been built into the 30-year Business Plan.

#### 10. Housing Gateway Ltd (HGL) (-£41.614m)

The budget carried forward is mainly the additional funding allocated to HGL as part of the Capital programme reported and approved by Council in February 2017; this funding will be brought forward to for use in future years.

### 6.4 Funding

The capital expenditure was financed as set out in the following table:

<b>Source of Funding</b>	<b>£m</b>
Borrowing	133.6
Capital Grant & Contributions	41.0
Capital Receipts	26.6
Major Repairs Allowance	14.7
Revenue Funding (including Reserves)	26.2
Borrowing funded by Deferred Capital Receipts	26.2
<b>Total Funding required to Finance Capital Expenditure</b>	<b>268.3</b>

Prudential borrowing is funded from within the overall Council budget under the Prudential Code framework. Further information is included in the Treasury Management Outturn Report also on this Cabinet meeting agenda.

The Quarter 1 monitor in the new financial year will include details of re-profiling from 2017/18. The latest 2018/19 programme, including re-profiling, will be reviewed as part of the budget process to ensure all schemes are affordable with the Medium Term Financial Plan and meet corporate priorities.

### 7. ALTERNATIVE OPTIONS CONSIDERED

7.1 Not relevant in the context of this report.

### 8. REASONS FOR RECOMMENDATIONS

8.1 To ensure that members are aware of the outturn position for the authority including all major variances which have contributed to the outturn position.



## **9. COMMENTS OF THE EXECUTIVE DIRECTOR OF RESOURCES AND OTHER DEPARTMENTS**

### **9.1 Legal implications**

The Council has duties within an existing legal framework to arrange for the proper administration of its financial affairs. The recommendations in this report will support the Council in meeting its statutory obligations.

### **9.2 Financial Implications**

Financial implications are implicit in the body of the report. The variances and risks identified through the closure of accounts will be taken into account in the financial monitoring process for 2018/19.

### **9.3 Key Risks**

The budget risks during 2017/18 were managed through detailed revenue monitoring reports provided regularly to Cabinet. Departments took action to minimise budget pressures and align departmental spend to budget. Some of these pressures will also affect 2018/19 and departments are already taking action to contain current year spending pressures, examples include:

- A reduction in fee income across all service areas has continued due to the recession and is being monitored in 2018/19 as part of the monthly budget monitoring regime.
- Welfare reforms especially relating to homelessness.
- Increased demand for services which is subject to tight financial control in all areas of expenditure.
- Other pressures arising from the state of the UK economy and the continuation of the Government's debt reduction programme.

## **10. EQUALITIES IMPACT IMPLICATIONS**

10.1 The Council is committed to Fairness for All to apply throughout all work and decisions made. The Council serves the whole borough fairly, tackling inequality through the provision of excellent services for all, targeted to meet the needs of each area. The Council will listen to and understand the needs of all its communities.

10.2 Financial reporting and planning is important in ensuring resources are used to deliver equitable services to all members of the community.

## **11. PERFORMANCE MANAGEMENT IMPLICATIONS**

11.1 The report provides clear evidence of sound financial management and efficient use of resources.

**12. IMPACT ON COUNCIL PRIORITIES**

- 12.1 Fairness for All – The recommendations in the report fully accord with this Council priority.
- 12.2 Growth and Sustainability – The recommendations in the report fully accord with this Council priority.
- 12.3 Strong Communities – The recommendations in the report fully accord with this Council priority.

**13. PUBLIC HEALTH IMPLICATIONS**

- 13.1 Public Health considerations are integrated into the capital programme as projects are brought forward for development.

Background Papers: None

APPENDIX A

Chief Executive	January Reported Variance £000's	Outturn variance £000's	Change
The department achieved a £394k underspend through controls imposed on discretionary spend.	(394)	(394)	0
<b>Land charges:</b> There was an income target shortfall for land charges due to a decline in the market being exhibited.	239	239	(0)
<b>Agency Rebate:</b> The agency rebate applies to specific categories of agency staff. Although there has been a reduction in agency staff numbers across the council this did not translate into a significant reduction in the agency rebate due to the categories of agency staff affected.	(227)	(335)	(108)
<b>Community Safety:</b> The underspend results from a review of planned contributions to reserves. CCTV equipment replacement will be funded through the Capital programme in the future.	0	(455)	(455)
<b>Policy, Partnership, Engagement &amp; Consultation:</b> There were additional underspends in grants to the Voluntary & Community Sector (which forms part of 2018/19 savings required) together with service salary cost savings.	0	(169)	(169)
<b>Organisational Development:</b> Underspend created through the cessation of training that would have been undertaken in the final quarter of the year.	0	(68)	(68)
<b>Other Items:</b> The department was forecasting other savings totalling £143k mainly due to the performance of schools traded services. Further minor variances have improved this position by £137k.	(143)	(280)	(137)
<b>Chief Executive Total</b>	<b>(525)</b>	<b>(1,462)</b>	<b>(937)</b>

## APPENDIX B

Regeneration and Environment	January Reported Variance £000's	Outturn variance £000's	Change
<b>Director Of Operational Services:</b> £91k favourable variance due to a vacant post.	(90)	(91)	(1)
<b>Street Scene:</b> £61k Adverse Variance. This is due to Fleet Workshop charges and Graffiti Removal internal leasing charges, which were partly offset by Waste Enforcement income over achievement.	0	61	61
<b>Parks Operations:</b> £69k favourable variance. This is due to the capitalisation of salary costs and the transfer/adjustment to the Parks Capital Schemes and surplus funding from the Garden Enfield project.	0	(69)	(69)
<b>Morson Road Depot:</b> £99k adverse variance. This is mainly due to the additional cost of security guards. The additional security guards have been reduced back to normal levels as the automated security measures are fully operational now.	90	99	9
<b>Highways Services:</b> £157k favourable variance. This is due to additional income from vehicle cross over, Parks Tree Maintenance, Scaffolding, over achievement in salary recharges to various projects and other minor variances.	(62)	(157)	(95)
<b>Street Lighting:</b> £50k adverse variance. Due to the costs of festive lighting.	50	50	0
<b>Parking:</b> £541k favourable variance. This is mainly due to the efficiencies achieved in the Parking Contract, temporary increase in receipts from Parking measures introduced to control the flow of traffic across the Borough, plus other minor efficiencies.	(529)	(541)	(12)
<b>Traffic &amp; Transportation:</b> £91k favourable variance. This is due to additional salary recharges to capital schemes, plus increased receipts from Temporary Traffic Orders.	(100)	(91)	9
<b>AD Commercial Services:</b> £51k favourable variance. This is mainly as a result of on-going projects to review efficiencies across the Commercial Services.	(51)	(51)	0
<b>Commercial Services (Parks Assets and contracts):</b> £306k favourable variance. Mainly due to BIFFA contract efficiencies and income over achievements from Parks Assets.	(317)	(306)	11
<b>Pest Control:</b> £72k favourable variance. Income over achievement of £36k and expenditure underspend of £36k due to credit notes from suppliers (adjustments).	(27)	(72)	(45)
<b>Commercial Services:</b> £351k favourable variance. £59k due to works under spend, £260k Cemeteries income over achievement and £32k is related to income from the Mausoleum.	(194)	(351)	(157)
<b>Commercial Services (Commercial Waste Services):</b> £350k favourable variance. This is due to Waste disposal underspend £57k, other operating costs under spend £31k, plus additional income generated from the successful marketing of the commercial waste services £262k.	(339)	(350)	(11)
<b>Commercial Services Parks:</b> £126k adverse variance. This is mainly due to the delay in the tendering of the Whitewebbs Golf Course plus income shortfall of £23k, and other minor variances.	97	126	29
<b>Neighbourhood Regeneration Services:</b> £249k favourable variance. This is mainly due to underspend in the revenue cost of consultancy, advertising and publications plus salary recharges to capital projects (Meridian Water, Ponders End Project and other schemes).	(230)	(249)	(19)
<b>Planning Applications:</b> £68k adverse variance. The overspend is due to legal costs associated with Revocation Order 40 Nelson Road (Estimated @ £150k).	65	68	3
<b>Planning Enforcement:</b> £96k adverse variance. Due to St Georges Road appeal costs (estimated cost £50k), air quality funding shortfall £30k and other minor variances.	60	96	36
<b>Skills For Work Service:</b> The adverse variance is due to Schools Funding Agency funding clawback.	160	172	12
<b>Traveller Incursions:</b> £609k adverse variance - budget pressure due to the Parks traveller incursion costs.	591	609	18
<b>Plus Other Minor Variances:</b> Minor variances under £50k - adding up to £77k.	(67)	(77)	(10)
<b>Regeneration and Environment Total</b>	<b>(893)</b>	<b>(1,124)</b>	<b>(231)</b>

## APPENDIX C

Finance, Resources & Customer Services	January Reported Variance £000's	Outturn variance £000's	Change
<p><b>Property Services:</b></p> <p><b>Facilities Management (-£25k)</b> There was a shortfall in the rental income for Marsh House, delays in the renting out of space within the Civic Centre and further rental shortfalls across other Council properties. These are offset by underspends in salaries, together with rates rebates received due to a revaluation of the Civic Centre and other buildings resulting in an overall saving within Facilities Management.</p> <p><b>Strategic Property Services (+£783k)</b> This is predominantly due to the delays in achieving the anticipated Bund income for 2017/18. There was a further pressure due to an unrealisable commercial property income target which was to be delivered from investment in commercial properties.</p>	711	758	47
<p><b>Assessment Hub:</b></p> <p><b>Court cost collection fees</b> - continued shortfall against budgeted income generated through the recovery of court costs fees.</p> <p><b>Assessment demand</b> - due to continued levels of demand, additional agency costs and use of Civica staff have been required to meet workload. This will continue into 2018/19 and plans are in place to replace agency staff with Fixed Term Contract posts in order to mitigate the cost of meeting demand.</p>	0	228	228
<p><b>Other Items</b> - Other variances include most notably a Former Employees cost centre underspend of £86k and staff vacancy savings of £81k within Corporate Governance. These underspends are offset by other minor overspends elsewhere.</p>	(298)	3	301
<b>Finance, Resources &amp; Customer Services Total</b>	<b>413</b>	<b>989</b>	<b>576</b>

## APPENDIX D

Adult Social Care	January Reported Variance £000's	Outturn variance £000's	Change
<b>Director</b> - Recharge of part year for the secondment of the Executive Director to the Department of Health.	0	(27)	(27)
<b>Strategy &amp; Resources</b> - These Services include, transport, grants to voluntary organisations, Safeguarding and Service Development. Transport actuals more than projections.	0	35	35
<b>Mental Health</b> - The service is overspent for the year on care packages due to higher demand for services	104	94	(10)
<b>Learning Disabilities</b> - The service is overspent as a result of demand led services. Substantial savings have been made in year, however demand for services continues to rise as a result of demographics and Ordinary Residence clients.	102	104	2
<b>Older People and Physical Disabilities (the Customer Pathway)</b> - The service is overspent due to demand led services, especially within residential. Substantial savings have been made in year, however demand for services continues to rise as a result of demographics.	683	670	(13)
<b>Other minor variances across Adult Social Care</b>	0	21	21
<b>IWE/Bridgewood</b> - The Home was due to be fully operational in June 2017, however water problems were not resolved until late December 2017 and no new placements were made in this time. The overspend is due to additional one off staffing and running costs incurred by IWE as a result of mobilisation and implementation delays, however it is expected that the 2018/19 position will be in balance.	0	394	394
<b>Bridgewood</b> - Enfield CCG income for CHC unit block contract (12 beds) - The full year value of the block is £750k but the unit was not available for placements until 6th December 17 due to problems with the water supply at Bridgewood so achieved income reflects the part year effect (£238k) with the remaining £512k of the block value unachieved.	0	512	512
<b>Public Health Grant</b> The Departmental forecast also includes ring fenced Public Health Grant. Though outturn reflects a neutral variance, in fact an underspend of £732k was added to the Public Health Earmarked Reserve which now has a carried forward balance of £1.3m.	0	0	0
<b>Adult Social Care Total</b>	<b>889</b>	<b>1,803</b>	<b>914</b>

Housing General Fund	January Reported Variance £000's	Outturn variance £000's	Change
<b>Homelessness and Temporary Accommodation</b> - There is ongoing mitigation work being carried out looking at cost avoidance schemes which will manage both service demand and costs of all forms of temporary accommodation. This area of spend, however, remains volatile and the underlying pressure due to the increased volume of homelessness remained and the overall pressure of £1.9m was funded from the Flexible Homelessness Support grant.	0	(38)	(38)
<b>Regulatory Services</b> - Costs of legal officer that was assisting in Proceeds of Crime. Funds have been received from the Proceeds of Crime Act, which will be offset in 18/19.	0	66	66
<b>Housing Related Support</b> - There were savings in 2017/18 of £2.0m to be achieved from Housing Related Support. The overspend of £1.8m was as a result of delayed decommissioning and recommissioning of Housing Related Support Contracts, the most significant of which is floating support - now delayed until at least May 18 due to provider withdrawal. The variance was offset by the application of £1.5m of Flexible Homelessness Grant which has been allocated to deal with and prevent homelessness and the majority of HRS schemes are focused on tenancy sustainment.	429	378	(51)
<b>Housing General Fund Total</b>	<b>429</b>	<b>406</b>	<b>(23)</b>

## APPENDIX E

Schools and Children's Services	January Reported Variance £000's	Outturn variance £000's	Change
<b>Enhanced Pensions:</b> Projected overspend due to non achievement of £100k savings target built into 2017/18 budget.	69	60	(9)
<b>Special Educational Needs (SEN):</b> final outturn is £128k higher than previous reported - pressure on this service area is due to an increase in client numbers.	1,700	1,828	128
<b>Traded Services:</b> £230k of the additional £500k traded service income target for 2017/18 was not achieved due to contraction of school budgets.	230	230	0
<b>Other minor variance in Education services</b>	(20)	39	59
<b>External Child Care placements:</b> The budget was overspent by £121k due to secure remand placements, agency fostering placements, and a high cost placement in residential school for a young person with severe and complex needs. The improved outturn to forecast was due to correction to historic goods receipting and changes in the projected stops and starts.	370	121	(249)
<b>Special Guardianship Allowances (SGO):</b> Minor movement between forecasted position and outturn. The overspend position is due to the growing number of cases.	618	614	(4)
<b>Leaving Care - Client Costs</b> Forecasting during the year was based on expenditure levels of previous years (overspend of approx. £500k). The forecast was reduced during the year to £250k but left at this level as a prudent estimate due to uncertainty around outstanding purchase orders. The outturn position was a small underspend.	250	(22)	(272)
<b>Homeless 16-17 year olds:</b> A reported overspend of £23k which was mostly driven by emergency sheltered accommodation for young people. Outturn shows an improved position due to the one off benefit of correcting historic goods receipts and the provision for emergency accommodation not being required at the level forecast.	23	(78)	(101)
<b>Children In Need:</b> Delays in recruitment in three teams and unforeseen reduced agency cost. Running cost is lower than anticipated, including translation and vehicle hire.	13	(77)	(90)
<b>UASC:</b> 5 unplanned clients in Feb and March. Home Office challenged funding for several clients.	(37)	53	90
<b>Youth Offending Unit:</b> Delays in recruitment and reduced agency cost.	(21)	(76)	(55)
<b>Youth Strategy &amp; Support Service:</b> Maintenance work for centres scheduled for end of February- March was booked but didn't take place by the end of March.	(18)	(66)	(48)

<b>Other minor variations in Children's Social care services.</b> It should be noted that the pressures in No Recourse to Public Funds (NRPF) and additional remand places were funded by corporate contingency and pressures remain going into 2018/19.	(182)	(301)	(119)
<b>Schools and Children's Services Total</b>	<b>2,995</b>	<b>2,325</b>	<b>(670)</b>



## APPENDIX F

Corporate	January Reported Variance £000's	Outturn variance £000's	Change
<b>Capital Financing &amp; Treasury Management</b> Saving on interest payments achieved due to lower interest rates and higher than anticipated interest receipts, including interest charged to Council owned companies and major projects.	(2,000)	(5,022)	(3,022)
<b>Other Corporate Income &amp; Expenditure</b> An adverse variance of £4m results from i) increased contributions of £2m to reserves including the Risk reserve to mitigate against unbudgeted pressures and to the Redundancy and Early Retirement reserve to meet in-year costs resulting from the restructuring of the Council's workforce; ii) A shortfall of £2m against the budgeted target for Enfield 2017 transformation savings. This shortfall is being addressed through the organisational review, which implements the outstanding actions from the Enfield 2017 programme.	2,000	4,005	2,005
<b>Other Minor Variations</b>	0	(80)	(80)
<b>Corporate Total</b>	<b>0</b>	<b>(1,097)</b>	<b>(1,097)</b>

## MOVEMENT IN EARMARKED RESERVES 2016/17 TO 2017/18

RESERVE	Balance at 31 March 2017 £'000s	Net Transfers 2017/18 £'000s	Balance at 31 March 2018 £'000s	Comments
<b>General Fund Reserves</b>				
<b>Service Projects / Programmes</b>				
Council Development Reserve	483	(68)	415	Used to fund the Graduate trainee programme
Regeneration Reserve	902	0	902	Reserve supports delivery of regeneration priorities including Meridian water and Ponders End
Vehicle and Equipment Replacement Fund	4,539	655	5,193	Fund required for future replacement of the council fleet
Capital Reserve - General Fund	197	60	257	This resource supports the delivery of the Capital Programme
ICT Investment Fund	1,621	(750)	871	Funding available for IT Workplan Projects and Transformation
Waste Recycling Reserve	337	(116)	221	Funds commercialisation and invest to save projects to improve recycling & contamination
European Social Fund match funding	342	0	342	Transfer to Risk Reserve as no longer needed
Enfield Community Capacity Building Fund	750	(184)	566	Funds ECCB projects and also funds the Ark
Project Carry Forwards	1,478	(1,478)	0	No further Project Carry Forwards will be approved
Troubled Families	0	1,401	1,401	Grant is ring-fenced for the Change and Challenge programme
Industrial Estates Improvements	78	0	78	This is a ring-fenced grant given to us by LABGI which has been used to support the North London Chamber of Commerce, to the Enfield Business & Retailers Association; to North London Business and North London Strategic Alliance, etc. to improve the state of repairs of industrial estates in order to make them attractive for letting. (No spend since 2015)
Empty Properties (New Homes Bonus 2011/12)	113	0	113	Will be rolled in with the main NHB reserve
New Homes Bonus	1,456	0	1,456	Reserve will be needed to offset expected reduction in budgeted NHB over the medium term
Other General Fund Reserves for small projects	5,303	(377)	4,926	
<b>Total Service Reserves</b>	<b>17,600</b>	<b>(857)</b>	<b>16,742</b>	
<b>Risk and Smoothing Reserves</b>				
PFI Investment Reserves	685	(94)	591	Reserve required to manage the PFI funding models
Insurance Fund	5,520	955	6,475	Provides internal cover for council risks
Repair & Maintenance of Council buildings	635	727	1,362	Reserve provides a smoothing mechanism for revenue costs of R & M which vary year on year
Interest Rate Equalisation Reserve	2,913	4,500	7,413	This reserve provides some cushioning against further fluctuations in interest rates, interest receipts from council owned companies and interest charged against major capital projects
Restructuring and redundancy reserve	39	551	591	Reserve will contribute to future costs of organisation reviews and potential staff redundancies
Repairs Fund for private sector housing leased to the Council	937	(325)	612	Funds repairs to PSL properties
Risk Reserve	12,851	1,136	13,986	Reserve provides medium term resilience against unbudgeted pressures and unpredictable events
Welfare Reforms & Hardship Fund	3,237	(1,060)	2,177	Reserve created to meet potential costs arising from debt increase in rents / council tax due to the new welfare reforms. It also funds the Hardship scheme
Collection Fund Equalisation Reserve	0	6,000	6,000	Reserve provides a buffer against reductions in Government funding and fluctuations in Council Tax or Business Rate income
Minimum Revenue Provision Equalisation Reserve	0	7,919	7,919	Reserve results from a change in MRP policy which spreads the cost of capital over a longer period. This will result in some additional costs in future years which the reserve will offset, by setting aside part of the short term savings.
<b>Total Risk and Smoothing Reserves</b>	<b>26,817</b>	<b>20,310</b>	<b>47,127</b>	
<b>Other Reserves</b>				
Performance reward grant receivable (LSP)	374	(64)	310	ESP Salt project and Chelsea's choice funded in 2017/18
Residents Priority Fund	567	(414)	153	Commitments remain to some RPF projects, but some funds have been released where no longer required
	941	(478)	463	
<b>A. TOTAL GENERAL FUND RESERVES</b>	<b>45,358</b>	<b>18,975</b>	<b>64,332</b>	
<b>B.Non- General Fund (GF) Ring-Fenced Reserves:</b>				
Dedicated Schools Grant	(3,001)	2,260	(741)	
Public Health	823	512	1,335	
S106 Receipts	498	(32)	466	
HRA Repairs/Capital Reserve	20,677	(7,043)	13,634	
<b>Total Earmarked Reserves including non-GF Reserves (A+B)</b>	<b>64,354</b>	<b>14,672</b>	<b>79,026</b>	
<b>C. GENERAL FUND BALANCES</b>	<b>14,000</b>	<b>0</b>	<b>14,000</b>	
<b>TOTAL GENERAL FUND RESERVES &amp; BALANCES (A + C)</b>	<b>59,358</b>	<b>18,975</b>	<b>78,332</b>	

## Use of Capital Receipts in 2017/18

The table below shows how we used capital receipts in 2017/18

2017/18 Initiatives Planned to be funded from Capital Receipts	£	Planned Savings and Demand Reductions
<b>Housing, Health and Adult Social Care Services</b>		
Adults with Learning Disabilities: Groundwork for the Transforming Care Programme	797,000	There is a national plan, Building the Right Support, in the cross-system Transforming Care programme, to meet individuals' needs, more choice for people and their families, and more say in their care. This will include more innovative services to give people a range of care options, with personal budgets, so that care meets individuals' needs and providing early more intensive support for those who need it, so that people can stay in the community, close to home. This approach will also reduce duplication and review existing care packages and cost savings will be achieved where appropriate. This will save £1.5m on the cost of existing contracts from 2017/18 to 2019/20.
Review of residential, nursing and supported accommodation to older people and people with physical disabilities	92,000	To maximise income particularly in the field of complex care packages. This will achieve additional income of £425k over 2017/18 and 2018/19.
Customer Pathway Review	217,000	Reviewing care packages for older people and people with physical disabilities to determine changes could better suit their needs. This will contribute towards achievement of the £4.8m savings target in the MTFP from 2017/18 to 2019/20.
Review of Mental Health Packages	157,000	Review complex mental health packages to maximise income. This will contribute towards achievement of the £415k target in the MTFP.
<b>Schools and Children's Services</b>		
Work on new databases for children, including SEN children, together with work to deliver the savings needed to respond to the cut in Educational Support Grant	157,700	Will support savings in the MTFP, including the reductions needed to offset the cut in ESG Grant which has resulted in a net loss of £2.2m in funding for Enfield.
<b>Finance, Resources and Customer Services</b>		
Financial Support	337,000	Financial support to Service Departments and Transformation programme in identifying and assessing feasibility of savings proposals, identifying mitigating actions on cost pressures to ensure delivery of the savings targets required by the Council's Medium Term Financial Plan, and providing financial input and business partnering support to services for restructuring and other savings initiatives.
Operational Support	23,000	Continued review of operational support activities to reduce resources required and transform service delivery.
Transformation Management	150,000	Programme management of Enfield's Transformation Programme.
Transport Management Reviews	679,377	Operational and Demand Management Initiatives which delivered savings of £562 in 2016/17, £1,050k in 2017/18 and £1,329k in 2018/19.
Contract and commissioning reviews, innovative procurement and programme management of MTFP savings programme.	1,437,500	Contract and commissioning reviews, innovative procurement and programme management of MTFP savings programme.
Cultural Survey and Organisational review	200,933	This work will inform the design and implementation of the new leadership and management staffing structure.
ICT Costs to support Transformation	1,252,390	ICT projects that will deliver transformation and more efficient ways of working that will generate revenue savings and improve performance.
Redundancy	1,146,048	These redundancies will enable future years' savings in the MTFP to be achieved.
<b>Total funded from Capital Receipts in 2017/18</b>	<b>6,739,000</b>	

**APPENDIX I**

APPROVED PROGRAMME BUDGET 2017/18	2017/18 Latest	2017/18 Outturn	Total Variance	Budget c/fwd to	Budget b/fwd	Project
	Q3 Budget			2018/19	from 2018/19	Over/(Under) spend Funded by Additional Resources
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Environment:</b>						
Building Improvement Programme	1,343	866	(477)	(477)	0	0
Community Safety & Recycling	0	179	179	0	19	160
Environmental Protection	80	88	8	0	8	0
Highways and Street Scene	6,962	6,986	24	(389)	413	(0)
Parks	2,329	2,014	(314)	(539)	225	0
Transport for London	21,278	11,811	(9,467)	(9,467)	0	0
Vehicle Replacement Programme	1,947	863	(1,084)	(1,084)	0	0
<b>Regeneration:</b>						
Broomfield House - Restoration Project	53	36	(17)	(17)	0	0
Economic Development	84	(8)	(92)	(93)	1	0
Electric Quarter	1,728	1,284	(444)	(444)	0	0
Enfield Town	200	63	(137)	(137)	0	0
Meridian Water	75,251	105,622	30,371	0	30,371	0
New Southgate	481	48	(433)	(433)	0	0
Ponders End	400	378	(22)	(92)	70	0
The Crescent, Edmonton	19	29	11	0	11	0
<b>Environment &amp; Regeneration Total</b>	<b>112,154</b>	<b>130,258</b>	<b>18,104</b>	<b>(13,173)</b>	<b>31,118</b>	<b>160</b>
<b>Finance, Resources and Customer Services</b>						
Bury Street West Depot Project	500	279	(221)	(221)	0	0
Civic Centre Refurbishment	814	814	(0)	(0)	0	0
Corporate Schemes	1	1	0	0	0	0
Customer Interface Venues	30	8	(22)	(22)	0	0
Edmonton Green Library	3,289	2,380	(910)	(910)	0	0
Enfield Highway Library	160	160	0	0	0	0
Forty Hall	133	62	(71)	(71)	0	0
IT Investment	10,299	9,001	(1,298)	(1,298)	0	0
Montagu Industrial Estate	591	2,414	1,824	0	1,824	0
Palmers Green Library	203	203	0	0	0	0
Ridge House Clinic	9	7	(2)	(2)	0	0
Southgate Circus Library Development	15	18	3	0	3	0
Vacant Properties	0	118	118	0	0	118
William Preye	10	4	(6)	(6)	0	0
<b>Finance, Resources and Customer Services Total</b>	<b>16,054</b>	<b>15,469</b>	<b>(585)</b>	<b>(2,530)</b>	<b>1,827</b>	<b>118</b>

**APPENDIX I**

APPROVED PROGRAMME BUDGET 2017/18	2017/18 Latest	2017/18 Outturn	Total Variance	Budget c/fwd to	Budget b/fwd	Project
	Q3 Budget			2018/19	from 2018/19	Over/(Under) spend Funded by Additional Resources
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Health, Housing and Adult Social Care</b>						
Bridgewood House	597	558	(39)	(39)	0	0
Disabled Facilities Grants	2,017	2,017	0	0	0	0
Mental Health and Wellbeing Centre	938	0	(938)	(938)	0	0
New Options	1	1	0	0	0	0
Sub Regional Housing	113	110	(3)	(3)	0	0
Housing Assistance Grants	471	1,614	1,142	(85)	0	1,227
<b>Health, Housing and Adult Social Care Total</b>	<b>4,137</b>	<b>4,300</b>	<b>163</b>	<b>(1,064)</b>	<b>0</b>	<b>1,227</b>
<b>Schools and Children's Services</b>						
Fire Precaution	52	52	0	0	0	0
Schools Expansions	11,043	11,043	0	0	0	0
Schools Maintenance	9,572	9,572	0	0	0	0
School Meals	68	68	0	0	0	0
Schools Disabled Access	0	0	0	0	0	0
Schools Funding	7,462	82	(7,380)	(7,380)	0	0
Devolved Schools Capital	3,054	3,054	(0)	(0)	0	0
<b>Schools and Children's Services Total</b>	<b>31,251</b>	<b>23,871</b>	<b>(7,380)</b>	<b>(7,380)</b>	<b>0</b>	<b>0</b>
<b>Housing Revenue Account (Capital)</b>						
Major Works	16,146	16,146	1	0	1	0
Minor Works	4,185	4,185	(0)	(0)	0	0
Estate Renewals	56,553	47,862	(8,691)	(12,741)	4,050	0
<b>Housing Revenue Account Total</b>	<b>76,884</b>	<b>68,194</b>	<b>(8,690)</b>	<b>(12,741)</b>	<b>4,051</b>	<b>0</b>
<b>Total General Fund and HRA</b>	<b>240,479</b>	<b>242,091</b>	<b>1,612</b>	<b>(36,888)</b>	<b>36,995</b>	<b>1,505</b>
<b>Companies</b>						
Energetik	2,236	2,031	(205)	(205)	0	0
Enfield Innovations Ltd	1,722	1,722	(0)	(0)	0	0
Housing Gateway Ltd	64,101	22,487	(41,614)	(41,614)	0	0
<b>Companies Total</b>	<b>68,059</b>	<b>26,239</b>	<b>(41,820)</b>	<b>(41,820)</b>	<b>0</b>	<b>0</b>
<b>APPROVED CAPITAL PROGRAMME</b>	<b>308,538</b>	<b>268,330</b>	<b>(40,208)</b>	<b>(78,708)</b>	<b>36,995</b>	<b>1,505</b>

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**MUNICIPAL YEAR 2018/19 REPORT NO. 25****MEETING TITLE AND DATE:**Cabinet: 25<sup>th</sup> July 2018Council: 20<sup>th</sup> September 2018**REPORT OF:**

Executive Director of Resources

**Contact officer and telephone no:**

Fay Hammond

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<b>Agenda – Part: 1</b>	<b>Item: 7</b>
<b>Subject:</b> <b>ANNUAL TREASURY MANAGEMENT OUTTURN REPORT 2017/18</b>	
<b>KD: 4716</b> <b>Wards: All</b>	
<b>Cabinet Member consulted:</b> <b>Cllr Maguire</b>	

**1. EXECUTIVE SUMMARY**

1.1. This report reviews the activities of the Council's Treasury Management function over the financial year ended 31 March 2018.

1.2. The key points of the report are highlighted below:

		<b>See section:</b>
<b>Debt Outstanding at year end to finance capital</b>	<ul style="list-style-type: none"> <li>£696.8m - an increase of £142m from 2016/17.</li> </ul>	<b>5</b>
<b>Average interest on total debt outstanding</b>	<ul style="list-style-type: none"> <li>3.4% - a reduction of 0.3% from 2016/17.</li> </ul>	<b>6</b>
<b>Debt Re-scheduling</b>	<ul style="list-style-type: none"> <li><i>None undertaken.</i></li> </ul>	<b>8</b>
<b>Interest earned on investments</b>	<ul style="list-style-type: none"> <li>£0.106m – a decrease of £36k from 2016/17 (excluding interest receipts from loans made by the council)</li> </ul>	<b>10</b>
<b>Investments &amp; Net Borrowing</b>	<ul style="list-style-type: none"> <li>Net Borrowing increased by £131.5m to £682m, resulting from an increase of £10.5m in investments and an increase in borrowing of £142m.</li> </ul>	<b>10</b>

**2. RECOMMENDATIONS**

2.1. Cabinet is asked to:

1. note and comment on the contents of the report
2. recommend that Council approves the 2017/18 Treasury Outturn Report.

### **3. BACKGROUND**

- 3.3. The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2017/18. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).
- 3.4. During 2017/18 the minimum reporting requirements were that the full Council should receive the following reports:
- a. an Annual Treasury Strategy in advance of the year – (reported to Council 28<sup>th</sup> February 2017 as part of the 2017/18 Budget report)
  - b. a mid-year Treasury update report – (TM activity is monitored by Cabinet in year and may be reported on to Council if there are any concerns)
  - c. an annual review following the end of the year describing the activity compared to the strategy - (this report)
- 3.5. The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.
- 3.6. The Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all the above treasury management reports by the Cabinet before they were reported to the full Council. Member training on treasury management issues was undertaken during the year to support members' scrutiny role.

### **4. NATIONAL CONTEXT**

- 4.1. At its 2 November meeting, the Monetary Policy Committee (MPC) raised the Bank Rate from 0.25% to 0.50%.
- 4.2. The February Inflation Report indicated the MPC was keen to return inflation to the 2% target over a more conventional (18-24 month) horizon with 'gradual' and 'limited' policy tightening. Although in March two MPC members voted to increase policy rates immediately and the MPC itself stopped short of committing itself to the timing of the next increase in rates, the minutes of the meeting suggested that an increase in May 2018 was highly likely.



## 5. BORROWING IN 2017/18

- 5.1. The following table summarises the councils loan portfolio and changes that have taken place from March 2017 to March 2018 due to debt repaid and new loans raised:

<b>Table 2: Movement in year</b>	<b>Debt 1 April 2017</b>	<b>Debt Repaid</b>	<b>New Debt Raised</b>	<b>Debt at 31 March 2018</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Temporary Borrowing (less than a year)	109,000	(129,000)	88,000	68,000
	<b>109,000</b>	<b>(129,000)</b>	<b>88,000</b>	<b>68,000</b>
Public Works Loan Board (PWLB)	372,416	(7,261)	191,597	556,752
Commercial Loan	30,000	0	0	30,000
Local Authority borrowing	28,000	0	0	28,000
European Investment Bank	9,548	(310)	0	9,238
LEEF	5,243	(617)	0	4,626
Salix	575	(422)	0	153
	<b>445,782</b>	<b>(8,610)</b>	<b>191,597</b>	<b>628,769</b>
<b>Total Debt Outstanding</b>	<b>554,782</b>	<b>(137,610)</b>	<b>279,597</b>	<b>696,769</b>

- 5.2. During 2017/18 there was major volatility in PWLB rates with rates falling during quarters 1 and 2 to reach historically very low levels in July and August, before rising significantly during quarter 3, and then partially easing back towards the end of the year.

## 6. INTEREST ON TOTAL DEBT OUTSTANDING

- 6.1. The average interest rate paid on total external debt in 2017/18 was 3.4% (3.7% in 2016/17).
- 6.2. Table 3 shows the interest paid (i.e. the cost of borrowing) by the Council during the year:

<b>Table 3: Cost of Borrowing</b>	<b>2016/17 £'000</b>	<b>2017/18 £'000</b>
Public Works Loan Board	13,575	16,736
Commercial Loan	2,143	2,144
Local Authority Loans	354	384
EIB Loan	221	217
LEEF Loan	96	86
Salix Loan	0	0
<b>Total Interest on Debt</b>	<b>16,389</b>	<b>19,567</b>
Short Term Loans	441	293
<b>Total interest paid: Total Cost of Debt</b>	<b>16,830</b>	<b>19,859</b>
<b>Interest income receipts from:</b>		
Housing Revenue Account	8,159	8,159
Capitalised interest on M Water	2,740	5,745
Interest Charged to HGL	1,776	2,534
Interest Charged to EIL	908	992
Interest Charged to LVHN	0	366
Interest Charged to E Enterprise*	0	113
General Fund**	3,248	1,950
<b>Total Cost of Debt</b>	<b>16,831</b>	<b>19,859</b>

\*2017/18 interest receipts include invoices not raised in prior years

\*\*remaining cost picked up by general fund

## 7. DEBT MATURITY STRUCTURE

- 7.1 The Council has 79 loans spread over 50 years with the average maturity being 29 years. The maturity profile allows the Council to spread the risk of high interest rates when debt matures in any one year.
- 7.2. Table 4 shows the maturity structure of Enfield's long-term debt:

<b>Table 4: Profile Maturing Debt</b>	<b>Debt Outstanding as at 31 March 2017 (£m)</b>	<b>Debt Outstanding as at 31 March 2018 (£m)</b>
<b>Years</b>		
Under 1 year	117.3	121.6
1- 5	98.6	54.7
6-10	28.1	44.9
11-15	27.4	51.6
16-25	60.2	115.3
26-30	9.3	58.5
31-40	139	141.4
41+	74.8	108.8
	<b>554.7</b>	<b>696.8</b>

## **8. DEBT RESTRUCTURING**

- 8.1 Debt restructuring normally involves prematurely replacing existing debt (at a premium or discount) with new loans to secure net savings in interest payable or a smoother maturity profile. Restructuring can involve the conversion of fixed rate interest loans to variable rate loans and vice versa.
- 8.2 No rescheduling was done during the year as the PWLB new borrowing rates and premature repayment rates made rescheduling unviable. The council will continue to actively seek opportunities to re-structure debt, if viable.

## **9. TREASURY MANAGEMENT PRUDENTIAL INDICATORS: 2017/18**

- 9.1 Throughout 2017/18 total loan debt was kept within the limits approved by the Council against an authorised limit of £1,178 million. The authorised limit (as defined by the Prudential Code) was set as a precaution against the failure, for whatever reason, to receive a source of income or a major unexpected expenditure. In the unlikely event of this happening, the Council would need to borrow on a temporary basis to cover the shortfall in cash receipts. Any significant breach must be reported to Council.
- 9.2 The Council held no variable interest rate debt during 2017/18. However, the Council's Treasury Management Strategy does permit variable interest rate interest rate loans
- 9.3 The Council's Treasury Management Strategy permits up to 30% of its debt to mature in one year (equivalent to £209 million as at 31 March 2018). This limit was not breached; the actual position as at 31 March 18 was £137.6m (19.7%), which includes the short-term loans from LAs, repayment of other loans which is now due within a year and principal payments of all other loans which will be paid in 2018/19.
- 9.4 Within the prudential indicators there are several key indicators to ensure that the Council operates its activities within well-defined limits. For example, the operational borrowing limit set by the council, determines the external debt levels which are not normally expected to be exceeded, whereas the authorised borrowing limit represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs

to be set or revised by the full Council. It helps to monitor and reduce the risk of exposing the council to external debt.

## **10. INVESTMENTS**

- 10.1. The Bank Rate increased from 0.25% to 0.5% in November and remained at that level for the rest of the year.
- 10.2. The Council manages its investments arising from cash flow activities in-house and invests within the institutions listed in the its approved lending list. It can invest for a range of periods approved in the Annual Treasury Management Strategy. The Council currently acts as the treasury manager for most Enfield schools who are within the HSBC banking scheme. The Council produces a three-year cash flow model (based on daily transactions) which projects the cash flow movements of the Council linked into the Council's Medium Term Financial Plan and Capital programme. This allows the Treasury Management team to make more informed decisions on borrowing and lending.
- 10.3 All investments entered into by the Council during 2017/18 were fully compliant with the Annual Investment Strategy. The strategy makes clear that the investment priorities are given firstly to security of principal, then to liquidity over yield. To this extent all investments have only been made with counterparties of high credit quality. The council only had £15m investment with two Call Account counterparties as at 31 March 2018 (£4.5m in 2016/17)
- 10.4 Total cash balances during 2017/18 varied considerably, predominantly because of the significant peaks and troughs arising from payment profiles of business rates collection, capital expenditure, DWP payments and housing benefit payments.
- 10.5 Liquidity was managed through call accounts and money market funds. Through careful cash management control (i.e. the ability to accurately predict the daily out / inflows of cash) the Treasury Management team have limited the Council's overdraft costs in the year to £151 (£197 in 2016/17)
- 10.6 In 2017/18 the Council received £0.106 million in interest on money lent out to the money markets; a decrease from 2016/17. This was because of lower cash balances, reduced interest rates from money markets and holding cash in more liquid accounts. The average cash balance held by the Council during the year was £44.1m compared to £45.4m 2016/17.
- 10.7 Table 5 shows the maturity structure of Enfield's investments. The council continues to adopt a very prudent approach and the 2017/18 strategy allowed investments up to 12 months with financial institutions that met the Council's credit rating requirements.
- 10.8 Investments as at 31 March 2018 were as follows:

<b>Table 5: Duration of Investments</b>	<b>Investments as at 31 March 2017</b>	<b>No of counter-parties</b>	<b>Investments as at 31 March 2018</b>	<b>No of counter-parties</b>
	<b>£000's</b>		<b>£000's</b>	
On call accounts	4,500	1	15,000	2
<b>Total Investments held at 31<sup>st</sup> March</b>	<b>4,500</b>	<b>4</b>	<b>15,000</b>	<b>2</b>

- 10.9 The Council's net borrowing increased in 2017/18 as demonstrated in Table 6. This recognises that future capital expenditure will need to be financed from external borrowing and will create pressure on the revenue budget, but this impact has been recognised in the Council's Medium term financial plan.

<b>Table 6: Trend in Net Borrowing</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Total Borrowing	298,624	313,032	438,641	554,782	696,769
Total Investments	-40,200	-63,350	-28,490	-4,500	-15,000
<b>Net Borrowing</b>	<b>258,424</b>	<b>249,682</b>	<b>410,151</b>	<b>550,282</b>	<b>681,769</b>
<b>Annual change in net debt</b>	<b>0</b>	<b>-8,742</b>	<b>160,469</b>	<b>140,131</b>	<b>131,487</b>

- 10.11 The Capital Financing Requirement reflects the Council's underlying need to borrow to fund its capital programme (Table 7).

<b>Table 7: Capital Financing Requirement (CFR)</b>	<b>31<sup>st</sup> March 2017</b>	<b>31<sup>st</sup> March 2018</b>
	<b>£m's</b>	<b>£m's</b>
General Fund	578.2	733.0
Housing Revenue Account	157.7	157.7
<b>Total CFR</b>	<b>735.9</b>	<b>890.7</b>
External Borrowing	554.8	696.8
Under / (Over) Borrowing	181.1	193.9
Authorised Limit	900	1,178

## 11. ALTERNATIVE OPTIONS CONSIDERED

- 11.1 None. This report is required to comply with the Council's Treasury Management Policy statement, agreed by Council.

## 12. REASONS FOR RECOMMENDATIONS

- 12.1 To inform the Council of Treasury Management performance in the financial year 2017/18.

## **13. COMMENTS OF THE EXECUTIVE DIRECTOR OF RESOURCES AND OTHER DEPARTMENTS**

### **13.1 Financial Implications**

Financial implications are set out in the body of the report.

### **13.2 Legal Implications**

The Council has a statutory duty to ensure the proper administration of its financial affairs and a fiduciary duty to tax payers to use and account for public monies in accordance with proper practices. The Statement has been prepared in accordance with the CIPFA Code of Practice.

### **13.3 Key Risks**

Extending the maximum period of deposits will increase the level of risk of default. This fact must be considered against the backdrop that investments will still be restricted to countries outside the UK with a sovereign rating of AAA and that deposits will be made only with financial institutions with a high credit rating.

## **14. IMPACT ON COUNCIL PRIORITIES**

### **14.1 Fairness for All**

Effective financial management provides the basis for the Council to achieve its priorities and objectives. This report explains a key part of effective financial management and the progress that has been made during the year.

### **14.2 Growth and Sustainability**

Effective financial management provides the basis for the Council to achieve its priorities and objectives. This report explains a key part of effective financial management and the progress that has been made during the year.

### **14.3 Strong Communities**

Effective financial management provides the basis for the Council to achieve its priorities and objectives. This report explains a key part of effective financial management and the progress that has been made during the year.

### **14.4 PERFORMANCE MANAGEMENT IMPLICATIONS**

The report provides clear evidence of sound financial management, efficient use of resources, promotion of income generation and adherence to Best Value and good performance management.

## **15 PUBLIC HEALTH IMPLICATIONS**

15.1 There are no public health implications directly related to this report.

## **16 EQUALITIES IMPACT IMPLICATIONS**

16.1 The Council is committed to Fairness for All to apply throughout all work and decisions made. The Council serves the whole borough fairly, tackling inequality through the provision of excellent services for all, targeted to meet the needs of each area. The Council will listen to and understand the needs of all its communities.

### **Background Papers**

None

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**MUNICIPAL YEAR 2018/2019 REPORT NO. 26****MEETING TITLE AND DATE:**

Cabinet  
25 July 2018

Item: 8
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Agenda – Part:1
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Subject: Budget 2019/20 and Future Years
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Wards: All Key Decision No: 4715
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**REPORT OF:**

Executive Director of Resources

Contact officer and telephone number:

Fay Hammond, Director of Finance

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Cabinet Members consulted: Nesil Caliskan, Leader of the Council and Mary Maguire, Cabinet Member for Finance and Procurement
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**1. EXECUTIVE SUMMARY**

- 1.1 This report sets out an update on the progress of budget development for 2019/20 to 2022/23 and puts forward proposals for savings and income generation and principles for a resilient budget.

**2. RECOMMENDATIONS**

- 2.1 that Cabinet agree the principles for a resilient budget as set out in paragraph 5.4 of this report
- 2.2 That Cabinet agree that the savings proposals of £2.3m and income generation proposals of £0.7m set out in Appendix A to this report be progressed; and
- 2.3 that Cabinet agree the immediate investment of £0.15m, to be funded by a one-off contribution from contingency, to help get young people out of criminal environments and work with local communities to give young people better life opportunities.

### 3. BACKGROUND

3.1 The 2019/20 financial year will be the ninth year in which local government has faced significant funding reductions. Enfield Council's core government funding has been reduced by over 50% since 2010/11, a cash reduction of £100m. Over this period, increasing service demand has created significant budgetary pressures. 2019/20 is also the final year of the four-year settlement, and the financial outlook beyond then is uncertain. The Government's proposed funding reforms (Fair Funding and 75% Business Rates Retention are due to be implemented from 2020/21). There will also be a spending review in 2019. As of now, there is little information on possible future levels of government funding.

3.2 In March 2018, the National Audit Office reported on the Financial Sustainability of Local Authorities to the Ministry of Housing, Communities and Local Government. The report concluded that while the sector has done well to manage substantial funding reductions since 2010/11, financial pressure has increased markedly since the last study:

*“The scope for local discretion in service provision is also eroding even as local authorities strive to generate alternative income streams. The current pattern of growing overspends on services and dwindling reserves exhibited by an increasing number of authorities is not sustainable over the medium term. The financial future for many authorities is less certain than in 2014. The financial uncertainty created by delayed reform to the local government financial system risks longer-term value for money.”*

3.3 The report noted some common issues affecting local authority finances:

- besides funding reductions, there is growth in demand for key services, as well as other cost pressures;
- demand has increased for homelessness services and adult and children's social care;
- councils have tended to protect spending on service areas such as adult and children's social care where they have significant statutory responsibilities; and
- a growing number of councils have not managed within their service budgets and have relied on reserves to balance their books, which is not financially sustainable over the medium term.

#### 4. THE FINANCIAL POSITION

- 4.1 A balanced budget position was achieved for 2018/19, despite the continuing cuts to core funding, with £8.6m of new savings identified. The latest Medium Term Financial Position (MTFP) projection, as reported in the February 2018 Budget report, is set out in Table 1 below.

<b>Table 1</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Gap Still to be Found	0	(13,580)	(7,183)	(1,649)
Council Tax Requirement	121,079	126,303	129,218	132,199
Council Tax Base	96,005	96,305	96,605	96,905
Band D Charge	1,261.17	1,311.49	1,337.59	1,364.21
% tax change	4.99%	3.99%	1.99%	1.99%

- 4.2 The 2018/19 budget was based on a 4.99% increase in council tax, being a 2.99% general Council Tax increase of which 1% is to be specifically directed at Adult Social Care, and a 2.00% Adult Social Care Precept. This would allow a further 1% Adult Social Care precept to be raised in 2019/20 if the Council chose to do so.
- 4.3 The MTFP in the February budget report projected a budget gap of £13.6m in 2019/20, £7.2m in 2020/21 and £1.6m in 2021/22. The position is being updated to include financial year 2022/23, and will be adjusted in the light of emerging issues. The position will be developed in the context of financial uncertainty and increasing pressures on demand.
- 4.4 As indicated, the period the new MTFP covers, from 2019/20 to 2022/23, is very uncertain in terms of future funding. 2019/20 is the last year of the four-year settlement agreed by the Government in 2015. In his 2018 spring statement the Chancellor confirmed that his 2018 Budget this autumn would set out the overall path for public spending for 2020 and beyond, with a detailed spending review in 2019 (SR19).
- 4.5 In addition, it is expected that there will be significant changes to local government funding arrangements in 2020/21. The Government's Fair Funding review is expected to introduce changes to the funding formula in 2020/21, and it is possible that actual funding levels for that year will not be clear until late 2019. This will be in conjunction with a proposed reset of Business Rates baselines and the planned move to 75% business rates retention. The impact of these changes, and how they will interact with each other, is not yet known. Furthermore, there is uncertainty over the economic climate and the impact of Brexit.
- 4.6 There is a separate report on today's agenda on Revenue and Capital Outturn for 2017/18. This shows that there were service overspends of £2.9m offset by favourable variances in Corporate budgets and grant income.

- 4.7 The outturn report also comments on the reserves position. It will be critical to ensure an adequate level of reserves going forward, in the light of in-year pressures on budgets and the uncertainty of future funding. It is in the context of this financial position and the need to maintain adequate levels of reserves that the budget proposals in this report are being proposed.
- 4.8 A target of £18m of savings/income generation has been set for 2019/20, weighted between departments to reflect the achievability of savings and income given previous budget rounds and cost pressures. The target has been set at £18m to manage the projected budget gap, the additional cost pressures identified in the outturn report, and over time to reduce reliance on one-off sources of funding, such as using capital receipts to fund transformational work. The aim is to create a sustainable and financially resilient medium term financial plan which will enable us to provide reliable and dependable services for our residents and deliver on the commitments in the new Corporate Plan, which is also on today's agenda.

## **5. APPROACH TO BALANCING THE BUDGET FOR 2019/20 AND BEYOND**

- 5.1 The approach to balancing the budget for 2019/20 and future years will take the form of six work streams focused on the Council's services:
- Corporate Services and Access
  - Children's Services
  - Adult Social Care
  - Housing, Property and Regeneration
  - Public Health
  - Environment
- 5.2 These work streams are led by members of the senior leadership team. The workstreams will apply four key tests in their reviews:
- Start/stop/do less
  - Alternative service delivery models
  - Digitisation and/or automation
  - Demand management or preventative activity
- 5.3 Each workstream has been set with challenging targets to identify savings. The targets are greater than the current projected budget gap, to manage the budget process over the medium term and ensure that a balanced budget can be achieved for 2019/20 given the uncertainties and existing pressures. Budget challenge sessions will be held in the autumn for members to review savings proposals. There will also be a focus on generating additional income, with further proposals on this also coming forward in the autumn.

- 5.4 The development of a resilient and sustainable budget and medium term financial plan may require difficult choices. To support the process, it is proposed that the following principles be adopted:

LB Enfield's overall aim will be to keep council tax as low as possible.

We will:

- manage resources smartly and reinvest income wisely, driving efficiencies throughout the organisation to deliver excellent value for money
- target resources at services that support the most vulnerable residents
- target resources to address inequality
- seek opportunities to modernise and transform services to ensure they are effective and efficient
- drive forward a commercial strategy to increase income through fees and charges and trading opportunities
- make some tough decisions that will mean that some services will cease, reduce or be delivered differently
- be prudent in our approach to the budget, in considering reserve levels, reducing reliance on capital receipts, balancing ambition with realism when setting saving targets
- be open and transparent
- treat staff and partner organisations with respect
- undertake equality impact assessments of our budget proposals and the cumulative impact
- develop new partnerships across the public, private, voluntary and community sectors to explore opportunities for efficiencies whilst delivering better outcomes for residents
- increase income to support the council's wider budget by proactively encouraging increased housing and businesses in the borough

- 5.5 An update on the first proposals for savings and income generation to be identified is attached in Appendix A, and Cabinet is recommended to agree that these savings be progressed.

- 5.6 As Cabinet members are aware, a key commitment in the Enfield Labour Party Manifesto 2018 is the immediate investment of £0.15m to help get young people out of criminal environments and work with local communities to give young people better life opportunities. This can be funded as a one-off contribution from Contingency, and Cabinet is asked to agree that this investment be made.

- 5.7 A summary of the savings proposals by workstream and against target is set out in Table 2 below.

Table 2 - Progress against Targets	2019/20		
	Target	Identified 2019/20	(Over) Under Achieved
	£000	£000	£000
Workstream Targets:			
Corporate Services and Access	(4,391)	(60)	4,331
Children's Services	(860)	(466)	394
Adult Social Care	(3,321)	(337)	2,984
Housing, Property and Regeneration	(4,291)	(1,132)	3,159
Environment	(3,137)	(984)	2,153
Public Health	(2,000)	0	2,000
<b>Total</b>	<b>(18,000)</b>	<b>(2,979)</b>	<b>15,021</b>

## 6. NEXT STEPS AND TIMETABLE

- 6.1 Work streams will continue to identify savings options for the 2019/20 budget and beyond, and there will be a further progress report to Cabinet in October. The planned timetable is set out in Table 3 below.

Table 3: Budget Timetable	Date
Cabinet Report – Phase 2 Savings and Income Generation Proposals	17 October 2018
Cabinet report – Phase 3 Savings and Income Generation Proposals	12 December 2018
Budget Consultation	September to December
Overview and Scrutiny Committee - consider budget process	18 January 2018
Final Local Government Finance Settlement	January/February
Cabinet and Council – Final Budget and Council Tax for 2019/20	13 February 2018 and 27 February 2018

## **7. ALTERNATIVE OPTIONS CONSIDERED**

- 7.1 The Council operates a budget planning and consultation process during which a wide range of options are considered in detail.

## **8. REASONS FOR RECOMMENDATIONS**

- 8.1 The Cabinet needs to manage the 2019/20 financial planning process having regard to constraints in public spending.

## **9. COMMENTS OF THE EXECUTIVE DIRECTOR OF RESOURCES AND OTHER DEPARTMENTS**

### **9.1 Financial Implications**

Financial implications are implicit in the body of the report. By planning an effective budget round and considering financial resources in the light of the Council's strategic priorities and other resources, the framework for the development of the budget is robust and in line with service delivery requirements. By considering risk as part of this process, council reserves and balances will be appropriately set to ensure the continued financial stability of the Council.

### **9.2 Legal Implications**

The Council has various legal and fiduciary duties to arrange for the proper administration of its financial affairs. This report sets out the lawful basis upon which recommendations will be made to note progress made in preparation of the 2019/20 budget and agree savings proposals for 2019/20 and beyond. The Council's budget-setting process is set out in the Constitution.

As part of these recommendations, officers will undertake equality impact assessments to help secure compliance with the Council's ongoing duties under the Equality Act to have due regard to the need to eliminate unlawful discrimination, harassment and victimisation; and advance equality of opportunity between people who share a protected characteristic and those who do not and foster good relations between those who share a protected characteristic and those who do not. Members must consider how their decisions will contribute towards meeting these duties in the light of other relevant circumstances such as economic and practical considerations.

Members should note that some of the actions to deliver proposed savings for future years have not yet taken place and may require specific statutory and/or legal procedures to be followed.

### **9.3 Property Implications**

There are savings proposals in this report which will impact on Property. The Director of Property, Regeneration and Environment has been fully involved in

the development of these proposals and will make appropriate arrangements to manage their impact.

## **10. KEY RISKS**

The budget risks during 2017/18 were managed through detailed revenue monitoring reports provided monthly to Cabinet. Departments acted to minimise budget pressures and to align departmental spend to budget. Some of these pressures will also affect 2018/19 and departments are already acting to contain current year spending pressures.

## **11. IMPACT ON COUNCIL PRIORITIES**

11.1 The savings proposals in this report are part of the budget development process for the 2019/20 budget and for future years. The budget will be developed in support of the Council's priorities:

- Fairness for All
- Growth and Sustainability
- Strong Communities

## **12. EQUALITIES IMPACT IMPLICATIONS**

12.1 As part of the development of the 2019/20 budget, Heads of Service will carry out an equality impact assessment of savings proposals requiring change or new services and policies and evaluate how the proposal will impact on all parts of the community. Heads of Service will identify what actions will be taken to mitigate against the worst adverse impacts at the end of their EQIA.

## **13. PERFORMANCE MANAGEMENT IMPLICATIONS**

13.1 The report provides clear evidence of sound financial management and efficient use of resources.

## **14. HR IMPLICATIONS**

14.1 To date the Council has implemented a robust redeployment programme and worked closely with the trade unions to identify initiatives which have minimised the number of compulsory redundancies over the past three years. Given the financial pressures identified in this report, the Council will be exploring a range of options to ensure that its human resources are appropriately used and allocated in the future with a view to delivering efficient services with reduced budgets.

## **15. PUBLIC HEALTH IMPLICATIONS**

15.1 Heads of Service will consider whether the savings proposals could have an adverse impact on Public Health and will take action to mitigate any impact.

## **Background Papers**

None.



## Savings and Income Generation Proposals

## Appendix A

Savings and Income Generation proposals July 2018	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
<b>Savings</b>				
<b>Workstream: Housing Property and Regeneration</b>				
<b>Temporary Accommodation Reduction Strategy</b> This covers a range of work streams: use of decants, large scale buy and lease back, portfolio shaping of supply, matching supply and demand, moving on, increasing private sector leasing/ private leased annexe.	(1,132)	0	0	0
<b>Total for Housing Property and Regeneration</b>	<b>(1,132)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Workstream: Adult Social Care</b>				
<b>Reardon Court - Extra Care</b> This is a proposal to develop housing with support on the Reardon Court Site to reduce residential placements and provide more intensive community support.	0	0	(113)	(377)
<b>Direct Payments</b> The transfer of Direct Payment users from bank accounts to e-cards supports more efficient use of funding.	(50)	0	0	0
<b>Healthcare reviews</b> This proposal involves the identification of appropriate funding streams to meet the needs of service users with complex health and social care support needs.	(50)	0	0	0
<b>Assistive Technology</b> This is based on an increased use of assistive technologies as part of a wider community support offer to support independent living.	(50)	0	0	0
<b>Reduction in placements from hospital</b> This saving is based on a reduction of five placements.	(37)	0	0	0
<b>Total Adult Social Care</b>	<b>(187)</b>	<b>0</b>	<b>(113)</b>	<b>(377)</b>
<b>Workstream: Children's Services</b>				
<b>Staffing Underspend</b> This reflects overprovision of budget which is no longer needed.	(16)	0	0	0
<b>Children's Services</b> This is based on reducing the number of operational support managers and staff.	(50)	0	0	0
<b>CCTV</b> This saving is achieved by using capital funding to purchase equipment.	(400)	0	0	0
<b>Total Children's Services</b>	<b>(466)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Savings and Income Generation proposals July 2018</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Workstream: Corporate Access and Services</b>				
<b>Internal Audit</b> The proposal is based on changing the current Internal Audit arrangements and moving to a shared management function with a neighbouring borough.	(50)	0	0	0
<b>Increase Finance Recharges</b> This is based on allocating management costs to the Pension Fund.	(10)	0	0	0
<b>Payments Programme</b> A new system will allow efficiencies to be made in Exchequer and wider council administrative functions.	0	(200)	(200)	0
<b>Total Corporate Services and Access</b>	<b>(60)</b>	<b>(200)</b>	<b>(200)</b>	<b>0</b>
<b>Workstream: Environment</b>				
<b>Bank Holiday Waste Collection</b> This involves the operational deployment of resources to move collections to the day after a Bank Holiday and catch up the following weekend.	(80)	0	0	0
<b>Remodelling Regulatory Services</b> An operational re-organisation of Regulatory Services will be developed on a risk based model with resources targeted to minimise the impact.	(250)	0	0	0
<b>Parks - Remodelling the Service</b> This proposal involves remodelling the parks and grounds maintenance service.	(100)	0	0	0
<b>Total Environment</b>	<b>(430)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Savings</b>	<b>(2,275)</b>	<b>(200)</b>	<b>(313)</b>	<b>(377)</b>

<b>Savings and Income Generation proposals July 2018</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Income Generation</b>				
<b>Adult Social Care</b>				
<b>Increased Income from Fees and Charges</b> This is additional income due to pensions and attendance allowance increases which flow into the assessment of how much clients should contribute to care packages.	(150)	0	0	0
<b>Total Adult Social Care</b>	<b>(150)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Workstream: Environment</b>				
<b>Growth of the Pest Control Service</b> The customer base will be increased to achieve a higher income target.	(25)	0	0	0
<b>Growth of the Commercial Waste Services</b> The proposal is to increase the customer base and income target for operations.	(50)	0	0	0
<b>General Cemeteries operations income</b> This relates to additional income from sales of mausolea and vaulted graves.	(50)	0	0	0
<b>Edmonton Cemetery Expansion</b> This relates to additional income from sales of mausolea and vaulted graves.	(304)	(6)	(6)	(6)
<b>Additional Recharge Income</b> This relates to Traffic and Transportation income generation from recharges to capital.	(25)	0	0	25
<b>Highways</b> This is additional income generation from recharges to capital and other external and internal funded projects.	(50)	0	0	0
<b>Parking Strategy</b> There will be a review of the parking strategy across borough and council owned car parks, e.g. introduce parking charges to car parks in parks such as Trent Park and others to be identified.	(50)	0	0	0
<b>Total Environment</b>	<b>(554)</b>	<b>(6)</b>	<b>(6)</b>	<b>19</b>
<b>Income Generation</b>	<b>(704)</b>	<b>(6)</b>	<b>(6)</b>	<b>19</b>
<b>Total Savings and Income Generation</b>	<b>(2,979)</b>	<b>(206)</b>	<b>(319)</b>	<b>(358)</b>

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**MUNICIPAL YEAR 2018/2019 REPORT NO. 28****MEETING TITLE AND DATE:**Cabinet - 25<sup>th</sup> July 2018**REPORT OF:**Executive Director - Place  
Sarah CaryExecutive Director – Resources  
James RolfeContact officer and telephone number:  
Nick Martin 020 8379 4550  
Email: [nick.martin@enfield.gov.uk](mailto:nick.martin@enfield.gov.uk)

<b>Agenda - Part: 1</b>	<b>Item: 9</b>
<b>Subject:</b> Roof Space Conversions	
<b>Wards: All KD 4679</b>	
<b>Cabinet Members consulted:</b> Cllr Maguire (Cabinet member for Finance and Procurement) Cllr Lemonides (Cabinet member for Housing)	

**1. EXECUTIVE SUMMARY**

- There are increasing pressures on housing supply in Enfield, in particular pressure on temporary accommodation as it has increased significantly. At the end of March 2018 Enfield was ranked 2<sup>nd</sup> highest nationally for the number of families in temporary accommodation (MHCLG published data), equating to 3350, most of which are housed in private sector owned properties.
- The demand for temporary accommodation and private rented sector properties (discharge of duty) is forecast to continue to increase. This poses significant budget pressures for the Council and will increase the number of expensive emergency units required, unless action is taken to provide a more cost-effective alternative.
- This report is seeking Cabinet approval to:
  - Run a pilot project for the development of 25 to 50 roof space units funded using Right to Buy Receipts (subject to HRA match funding)
  - Should Right to Buy Receipts not be available continue the project via Housing Gateway Limited
- This project presents the opportunity to:
  - Deliver cost effective properties that sit within the councils' ownership at between 40% and 60% of the cost of buying new properties
  - Develop quality and stable accommodation located within the borough
  - Utilise Right to Buy Receipts to the greatest value
  - Use the pilot to develop the process/structure to deliver more than 200 units

## **2. RECOMMENDATIONS**

- Approval to deliver a pilot scheme of 25 to 50 additional housing units including all design and procurement decisions by converting roof space or adding floors to selected HRA low-rise blocks in the borough subject to viability and availability of HRA funding/Right to Buy Receipts.
- To authorise the council to enter into separate lease agreements for council owned vacant roof space with Housing Gateway Ltd to develop and manage the units for PRS letting (Discharge of Homeless Duty), should HRA funding/Right to Buy Receipts not be available.
- Delegate authority to the Leader of the Council in consultation with the Cabinet Member for Housing to expand the scheme to develop further new social housing units subject to success of the pilot scheme.

## **3. BACKGROUND**

- 3.1 There are increasing pressures on housing supply for residents of the borough, in particular pressure on temporary accommodation has increased significantly after a period of declining numbers and relative stability.
- 3.2 As demand is outstripping supply, temporary accommodation prices in the borough have increased, particularly for Nightly Paid Accommodation (NPA), which is being used for more than 2000 families. As a result, Enfield is facing significant budget pressures and the numbers are predicted to increase.
- 3.3 Our aim is to reduce the number of properties being used on a nightly paid basis to provide value for money, better quality, and more stable tenancies within the portfolio whether on a PRS or permanent (affordable) letting basis.
- 3.4 Over 80 roof tops have been identified that could accommodate more than 200 new units of affordable / PRS housing subject to planning.
- 3.5 The roof tops identified are to be prioritised by those requiring roof replacement, or significant roof repairs (subject to resident consultation). The leaseholders within the identified blocks will benefit from this project because the cost of the new roof will be absorbed within the development cost of the roof space i.e. no cost to the leaseholders.
- 3.6 A similar project has been undertaken as part of the Lytchet Way Estate Regeneration Works where additional floors have been added to a selection of flat roof three-storey low-rise blocks, also adding a pitched roof rather than the existing flat roof. The project produced 24 one and two bed flats at an average cost of £125k per flat. However, this report puts forward the concept of conversion of existing roof space on the top floor of low-rise blocks where there is a sufficiently high-pitched roof.

- 3.7 This project will enable the use of HRA Right to Buy (RTB) Receipts– **Delivery Option 1**. RTB receipts are generated by the selling of council homes and can be used with HRA match funding (HRA reserves). If RTB receipts are not utilised there is a risk that they are payable back to the government with a 4% compounded interest rate charged if not used within specified time limits.
- 3.8 We are in the process of carrying out surveys on the 80 blocks identified as suitable for roof space conversion. A surveyor will be sourced to carry out viability inspections and a budget of £70k has been identified to fund this research. In addition, we have identified several flat roof blocks that may be suitable for additional floors to be added subject to permission, consultation, and planning approval.
- 3.9 There are a variety of alternative delivery options such as working in partnership with Housing Gateway, Red Lion Homes (RP) and a procured private developer, as discussed in Section 4. The pilot will enable us to appraise the alternative delivery options to ensure that the Council maximise the use of the roof space and additional floor capabilities around the borough.
- 3.10 The project will financially benefit the council in several ways:
- **Asset value** - with an estimated development cost of £125k per unit (which can part funded by RTB receipts) and an expected completed asset value of £250k per unit, the council can expect to increase its assets by £125k per unit completed.
    - Cost of 25 units: £3.125m – Asset value £6.25m
    - Cost of 50 units: £6.25m – Asset Value £12.5m
  - **Income generation** – the units will be let at the HRA affordable rent levels at an average of £195.77 per week.
    - 25 units: £255k per annum
    - 50 units: £509k per annum
  - **Cost avoidance** – the units will substitute for expensive nightly paid accommodation, for which the council currently incurs an average annual net loss of approximately £3.28k per unit.
    - 25 units: £82k per annum
    - 50 units: £164k per annum

#### 4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The Council could continue to invest RTB receipts in its street property purchase strategy, however the properties being purchased represent a cost of almost double of the equivalent size of properties developed within roof space.

- 4.2 The Council could choose to invest in alternative delivery options for roof space development as follows:

**Delivery option 2 – Housing Gateway**

Directly via its local authority trading company Housing Gateway providing affordable private rented accommodation for discharge of duty clients, therefore reducing the council's dependency on costly nightly paid accommodation.

This scheme would be 100% funded by HGL and meets their minimum financial requirements. The benefits are 100% nomination rate to the council, savings over NPA, ability to Discharge of Duty to the PRS, retain the asset as a wholly owned company, and improved gearing/portfolio profile for HGL. Overall this represents a nil cost to the council.

**Delivery option 3 – Red Lion Homes**

The Council may pass on RTB receipts to Red Lion Homes and assist this registered provider in the achieving the target for a pipeline of 500 social housing units. This will increase the stock of social housing units available to move long term temporary accommodation clients into more stable accommodation and assist in freeing up temporary accommodation units.

The benefit of this option is the use of RTB receipts that there is a risk could be handed back to the government with a 4% compounded interest rate charged. RTB receipts provides one third of cost of the scheme with further funding required from the private sector. Overall this represents a nil cost to the council

**Delivery option 4 – Private developer**

The Council may wish to go to the private market where a procured housing developer could finance and develop the roof space based on a 10 to 15-year lease back arrangement where the developer retains all income but gives 100% nomination rate to the council on a private rented basis (Discharge of Duty). At the end of the lease period the developer will hand over asset to Council. Overall this represents a nil cost to Council and the council gains an asset with a potential value of £250k (2 bed).



4.3 *Figure 1 & 2 demonstrate the four options of delivery and rank them in order of best value to the council.*

*Figure 1 – Cost & Benefits – 25 units*

25 units (2 bed)	HRA	Housing Gateway	Red Lion	Private developer
<b>Council development costs</b>	£3.12m	£0.00m	£0.94m	£0.00m
<b>End asset value</b>	£6.25m	£6.25m	£6.25m	£6.25m
<b>Funding source</b>	RTBr/ HRA***	Private (LBE)	RTBr/ Private	Private
<b>Saving type</b>	HRA income + GF cost avoidance	GF cost avoidance	GF cost avoidance	GF cost avoidance
<b>Cost avoidance p/a **</b>	£82k	£82k	£82k	£82k
<b>Income to HRA p/a</b>	£255k	-	-	-
<b>Annual benefit</b>	£337k	£82k	£82k	£82k
<b>Tenure type</b>	Secure tenancy	Head lease (AST)	Head lease (Assured tenancy)	Head lease (AST)
<b>Allocation type</b>	Housing register	Homeless - Discharge of Duty	Housing register	Homeless – Discharge of Duty
<b>Order of preference</b>	1	2	3	4

\*30% RTBr

\*\* Average annual net loss from TA Nightly Rates report – 27/04/2018

\*\*\* Housing Revenue Account

\*\*\*\* General Fund

*Figure 2 – Cost & Benefits – 50 units*

50 units (2 bed)	HRA	Housing Gateway	Red Lion	Private developer
<b>Council development costs</b>	£6.25m	£0.00m	£1.89m	£0.00m
<b>End asset value</b>	£12.50m	£12.50m	£12.50m	£12.50m
<b>Funding source</b>	RTBr/ HRA***	Private (LBE)	RTBr/ Private	Private
<b>Saving type</b>	HRA income + GF cost avoidance	GF cost avoidance	GF cost avoidance	GF cost avoidance
<b>Cost avoidance p/a **</b>	£164k	£164k	£164k	£164k
<b>Income to HRA p/a</b>	£510k	-	-	-
<b>Annual benefit</b>	£674k	£164k	£164k	£164k
<b>Tenure type</b>	Secure tenancy	Head lease (AST)	Head lease (Assured tenancy)	Head lease (AST)
<b>Allocation type</b>	Housing register	Homeless - Discharge of Duty	Housing register	Homeless – Discharge of Duty
<b>Order of preference</b>	1	2	3	4

\*30% RTBr

\*\* Average annual net loss from TA Nightly Rates report – 27/04/2018

\*\*\* Housing Revenue Account

\*\*\*\* General Fund

- 4.4 In relation to the three alternative delivery options detailed above there would be a need to set up a lease agreement between the council and the development partner for an agreed period.
- 4.5 The Council could decide not to run a pilot, but to proceed to delivering more than 200 additional housing units under one large scale project once viability inspections are completed and the viable low-rise blocks have been identified. Whilst this is a viable option, this would be a long-term project which is unlikely to be delivered within 12 to 18 months. Other issues relating this option are:
- The inability to test and identify the best structure(s) to develop and manage the units.
  - Lack of immediate and sufficient funds to commit since this will be a capital-intensive project. There is a risk the project could be halved if the Council's priorities change.
  - It would be difficult to envisage the potential challenges with construction and planning process for the selected blocks, and anticipate and manage residents' response particularly if negative.
- 4.6 The Council could decide not to invest in this project. However, this would not allow the Council to achieve the following benefits:
- Reduce cost pressures for the Council by providing an alternative to costly Nightly Paid Accommodation.
  - Provide a more cost-effective alternative to the development of new build units on new sites.
  - Enable the Council to ensure a higher quality of accommodation is provided
  - Enable the Council to spend RTB receipts and not repay receipts to Government with 4% compounded interest rate

## **5. REASONS FOR RECOMMENDATIONS**

- 5.1 Despite several interventions by the Council, the number of households requiring temporary accommodation or at risk of homelessness in Enfield is still of significant expense to the Council, resulting in a current net TA portfolio cost of £4.7m. There is a clear need to identify additional cost effective new housing stock to meet local needs.
- 5.2 This scheme will assist in the much-required creation of new supply of housing within the HRA portfolio with a development cost of circa 50% of the value created i.e. development cost £125k (2 bed), asset value on completion £250k
- 5.3 This project will assist in the reduction of use of costly nightly paid accommodation. The financial benefits to the council are as follows:
- Cost avoidance of approximately £3,280 per unit created over the use of costly nightly paid accommodation (this is the average annual net loss per unit across the temporary accommodation portfolio).

- £164k cost avoidance per annum – 50 flats (pilot)
  - £656k cost avoidance per annum – 200 flats
  - From an asset perspective the development cost for 200 flats is £25m with an expected completed asset value of £50m
- 5.4 In relation to all options put forward the Council would receive 100% nomination rights for occupancy of the properties developed. These could be allocated for both homeless and waiting list clients
- 5.5 In all cases where clients are transferred from costly nightly paid accommodation the use of these properties eliminates this cost, thereby moving closer to our aspiration of a temporary accommodation cost neutral budget
- 5.6 Creation of new units, rather than the continued re-use of existing private sector properties across TA and PRS portfolio's will give us more bargaining power in the private market and assist in lowering prices
- 5.7 This project has the potential to create 200 plus new units for letting within the Enfield borough, thereby reducing our dependency on the use of accommodation outside of the borough
- 5.8 Recent statistics in relation to New Homes Bonus grant for 2018/19 show Enfield as receiving the third lowest award in London. The new units will not only provide quality and stable accommodation for Enfield residents, but will also increase grant income for the authority.

## **6. COMMENTS OF THE EXECUTIVE DIRECTOR OF RESOURCES AND OTHER DEPARTMENTS**

### **6.1 Financial Implications**

The development costs are estimated to be £125k per unit, based on 25 units the cost will be £3.125m.

By creating additional units on rooftops this will enable the HRA to partly fund this development using RTB receipts (£938k) and HRA reserves (£2.1m).

It is expected that development will start in Q3 of 2018-19.

This scheme will assist in spending the RTB receipts to ensure the HRA doesn't have to repay receipts back to Government at a 4% compounded interest rate. The project will need to be monitored to ensure that the receipts are spent within the Government's specified 3 years. If there are delays to the project there could be a risk of paying back receipts to Government.

These units will be let at the HRA affordable rent levels at an average of £195.77 per week. This will generate £255k per annum in rental income.

## **6.2 Legal Implications**

- 6.2.1 The proposals are within the Council's general powers under section 111 of the Local Government Act 1972 and section 1 of the Localism Act 2011.
- 6.2.2 Any existing leases of properties on the top floors of the selected blocks which have previously been sold by the Council under the "right to buy" scheme should be checked to ensure that the roof space is not included.
- 6.2.3 Unless covered by permitted development rights the appropriate planning consents will be required before any work commences.
- 6.2.4 Appropriate legal agreements will be required between the Council and any contractors and consultant employed in connection with the project.

## **6.3 Property Implications**

Strategic Property Services supports the initiative to convert redundant/unused roof voids within existing Council owned housing stock into additional housing units. Consideration should be given to ensuring that the Council have appropriate legal arrangements in place with existing leaseholders where the Council have not reserved rights within existing leases to the roof void.

In addition, in cases where leases have specified percentage contributions to service charges, deeds of variation will need to be entered into to alter the percentage to a lower figure to take into account the increased numbers of housing units created.

The impact of the proposals on mortgage access for existing and future leaseholders in circumstances where an additional floor is created should also be taken into account where appropriate.

Appropriate and reasonable measures should also be put in place to avoid the Council falling foul of the "quiet enjoyment" clause within existing leases including but not limited to noise/dust/vibration /working hours

## **7. KEY RISKS**

The key risks associated with the creation of new rooftop units are outlined below:

- 7.1 The key risks associated with the development of Roof Space conversions are outlined below:
  - a. Planning permission might not be granted which prevents the delivery of Roof Space conversion/additional floors

- b. The viability surveys may report that many of the blocks cannot support the addition of an extra floor or conversion of the existing roof space
- c. Resident consultation. There may be an overwhelming negative response to the development of roof space
- d. Right to Buy Receipts (RTB). There is a risk that there may not be sufficient match funding available from the HRA
- e. Housing Gateway may not wish to invest in this project for further units

7.2 A comprehensive risk register will be drawn up to assess.

## **8. IMPACT ON COUNCIL PRIORITIES**

### **8.1 Fairness for All**

Roof space conversion will provide value for money accommodation on a social housing and PRS basis that is of a high quality and fully accessible to those who meet the qualifying criteria for assistance with housing.

### **8.2 Growth and Sustainability**

The quality evaluation criteria included in the framework for environmental performance of the units and the materials included in their construction, ensuring that we maintain a clean, green, sustainable environment.

### **8.3 Strong Communities**

The Council will work with all internal and external partners to ensure that all newly produced accommodation are a safe and healthy place to live.

## **9. EQUALITIES IMPACT IMPLICATIONS**

The provision of additional accommodation through roof space conversions will benefit families on the Council's waiting list, those waiting for discharge of duty and including those who are vulnerable, such as those who are pregnant, young or otherwise in priority need.

## **10. PERFORMANCE MANAGEMENT IMPLICATIONS**

The provision of new units will assist the council in meeting its housing targets (New Homes Bonus), and also will assist in decreasing budget pressures.

## **11. HEALTH AND SAFETY IMPLICATIONS**

Schemes will be subject to the Construction (Design and Management) Regulations 2015, which clearly allocate specific obligations to all parties, who must be competent to undertake their role/s.

## **12. HR IMPLICATIONS**

None

## **13. PUBLIC HEALTH IMPLICATIONS**

- 13.1 Good housing stock is crucial to the health of the population. Not only does good housing stock provide a place of safety, home and refuge but it reduces the risk of respiratory illness due to damp, mould and cold conditions as well as associated risks such as accident and falls.
- 13.2 It has been estimated that poor housing costs the NHS at least £600 million per year and there is likely to be considerable cost to local authorities arising from care costs due to worsening ill-health and accidents such as hip fracture aggravated by poor housing.
- 13.3 Poor housing can lead to poor mental health due to e.g. loneliness and stress and can affect the educational attainment of children due to difficulties accessing education, having a quiet space to work and poor health affecting attendance. This in turn can contribute to poverty upon reaching adulthood due to poor educational qualifications.
- 13.4 If the roof space conversions are close to transport links and schools, it can alleviate other problems associated with poor housing such as isolation difficulties accessing transport to work and difficulties accessing schools.
- 13.5 Roof space conversion can be a solution to address immediate rise in demand of housing. It will be a cost-effective alternative to some other types of temporary housing such as Nightly Paid Accommodation (NPA) and thus can cater for bigger demand with similar investment. The specification will also meet the Council's minimum standards for residential accommodation thus will have positive impacts on health in the short-term for those who have poor housing described above or unsafe accommodation.

## **Background Papers**

None

## MUNICIPAL YEAR 2018/2019 REPORT NO. **30**

**MEETING TITLE AND DATE:**

Cabinet - 25<sup>th</sup> July 2018

**REPORT OF:**

Bindi Nagra  
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Care

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<b>Agenda - Part: 1</b>	<b>Item: 10</b>
<b>Subject: Section 75 Agreement: Approval of Revisions for 2018/2019</b>	
<b>Wards: All</b>	
<b>Cabinet Member consulted: Cllr Cazimoglu</b>	

### 1. EXECUTIVE SUMMARY

- 1.1 This report provides details of the 2018/19 funding and reports that there are no significant changes from the 2017/18 agreed funding.
- 1.2 Enfield Council and NHS Enfield Clinical Commissioning Group (CCG) have had a pooled budget arrangement under a Section 75 Agreement for commissioned services for adults since 2011 and for children and adult services since 2015. The current agreement has continued to work well during 2017/18. In 2017/18 The Council and NHS Enfield CCG agreed to create a single Section 75 agreement which would bring together thirteen separate arrangements pooled funding arrangements, including the Better Care Fund (BCF) and the new improved Better Care Fund (iBCF).
- 1.3 BCF monies are part of a funding transfer from the NHS to Social Care to support the development of integrated approaches which enable more people to live independently in order to reduce the demand on Healthcare services. It also includes money already allocated to Councils for such things as Disabled Facilities Grants and new duties under the Care Act 2014. It is a requirement that NHS Enfield CCG and the Council enter into pooled budget arrangements and jointly agree an integrated spending plan for BCF and iBCF monies.
- 1.4 The value of the Section 75 agreement is £41,658. £31,194 of this fund is BCF and iBCF monies. £21,758 of this is allocated to fund statutory Adult Social Care Services within the Council. This is accounted for as income as part of the budget setting process. £9.9m funds statutory health provision. The remaining £10m funds further integrated statutory services:
- 1.5 Both parties are seeking to renew the Section 75 (pooled funding) Agreement again for 2018/19. The spending plan is subject to joint agreement by NHS Enfield CCG and the Council.

## **2. RECOMMENDATIONS**

- 2.1 That the arrangements for pooled funding are agreed.
- 2.2 That Cabinet agrees to delegate formal sign off of the Section 75 Agreement on Enfield Council's behalf to the Director of Health and Adult Social Care following formal approval from the Enfield Clinical Commissioning Group.

## **3. BACKGROUND**

- 3.1 Enfield Council and NHS Enfield Clinical Commissioning Group (CCG) have had pooled funding arrangements under a Section 75 Agreement for commissioned services for adults since 2011 and for some commissioned services for children since 2015. The existing Section 75 contains 10 separate schedules.
- 3.2 The Better Care Fund (BCF) is a programme spanning both the NHS and local government which seeks to join up health and care services, so that people can manage their own health and wellbeing, and live independently in their communities for as long as possible. The BCF has been created to improve the lives of some of the most vulnerable people in our society, placing them at the centre of their care and support, and providing them integrated health and social care services, resulting in an improved experience and better quality of life. The BCF encourages integration by requiring CCGs and local authorities to enter into pooled budget arrangements and to agree an integrated spending plan.
- 3.3 Both parties are seeking to renew the Section 75 Agreement under a single Better Care Fund Schedule in order to further support the transformation and integration of health, social care and children's services.
- 3.4 The inclusion of Children's commissioned services into the agreement is in line with national guidance which supports the further development of joint working and the integration of children's services. The Children's and Families Act 2014 requires Local Authorities to take the lead in making arrangements to promote co-operation between agencies to improve the well-being of children in the authority's area, and establishes that relevant partners (including NHS Clinical Commissioning Groups) have a duty to co-operate with these arrangements. Going forward, the changing landscape of health and social care reinforces the importance of effective partnership arrangements and the integration of children's services.
- 3.5 The schemes within the Better Care Fund are approved by the Better Care Fund Executive Board, which contains representatives from the Enfield Clinical Commissioning Group and Enfield Council and is chaired by the Director of Adult Social Care.



- 3.6 The schemes are then monitored by the Better Care Fund delivery group, who in turn report up to the Better Care Fund Executive and the Health and Wellbeing Board. There is also a quarterly return to NHS England which evaluates delivery against jointly agreed priorities.
- 3.7 A Section 75 Partnership Agreement for commissioned services offers the following opportunities:
- Improved integrated commissioning and service delivery that can consider the requirements of health, social care and children's services
  - Development of shared local priorities for service provision and the alignment of funding to deliver these
  - An evidence based approach to commissioning which incorporates joint assessment of needs
  - Development of a shared vision for services to deliver more cohesive and comprehensive outcomes
  - Development of joint performance indicators, monitoring processes and key strategic information such as baselines and tracking systems
  - Easier identification of gaps in provision
  - Reduced bureaucracy
  - Better use of resources to deliver improved value for money
  - Production of joined up commissioning priorities, service specifications and care pathways for all service areas.
- 3.8 The Enfield Clinical Commissioning Group is invoiced on a quarterly basis in arrears after the agreement has been signed and agreed.
- 3.9 Meetings have been arranged between managers at the CCG and Enfield Council to discuss and finalise any small amendments to the funding.
- 3.10 Enfield CCG is discussing the Section 75 funding at the Investment Plan Performance Committee next week. If there are no concerns raised it will then proceed to the Public Governance Board in two months' time
- 3.11 Spend from the Better Care Fund has been utilised to meet increased need on services that have previously been subject to efficiencies in the Medium Term Financial Plan. This substitution of budgets has enabled the Council to deliver significant savings whilst continuing to deliver services and support which meet the statutory requirements.
- 3.12 Pending the final decisions from both parties; on the next page is a proposed set of summary schedules that are being worked on. .

**Summary of the proposed Better Care Fund Contributions 2018 -2019**

<b>ADULTS</b>			
<b>Schedule</b>	<b>NHS Enfield CCG</b>	<b>Enfield Council</b>	<b>Total</b>
Better Care Fund (BCF) iBCF	£19,899,913	£ 3,051,332 £ 8,243,487	£22,951,245 £ 8,243,487
Mental Capacity Act and Deprivation of Liberty Safeguards	£46,213	£834,863	£881,076
Joint Commissioning Team	£56,471	£55,201	£111,672
Integrated Community Equipment Service	£524,201	£972,642	£1,496,843
Adult Continuing Health Care (CHC) Equipment	£211,585		£211,585
Integrated Learning Disability Service	£1,907,283	£4,506,378	£6,413,661
STAY project (Positive Behavioural Support intervention for young people)	£72,000	£23,800 EP support to STAYproject	£95,800
To include dowry costs for Transition Care Program (TCP) patients (TCP North Central London Funding Transfer Agreement) as agreed between LBE and CCG			
CHC Beds (Bridgewood)	£750,816 (£187,704 per Quarter)	£0	£750,816

CHILDRENS			
Schedule	NHS Enfield CCG	Enfield Council	Total
Dazu – Counselling for Young Carers, Mindfulness Training	£21,155	£70,000 for support to young carers	£91,155
Voluntary Sector – Mental Health Forum and Mental Health Training	£20,000	£30,000 for safeguarding training to the sector	£50,000
Health Training British Institute of Learning Disabilities (BILD) Positive Behavioural Support Training	£45,000	£0	£45,000
Youth Offending Unit (YOU) – Nurse/health professional	£68,262 (monies to be paid directly to commissioned Community Health provider by CCG)	£0	£68,262
YOU Therapeutic Interventions Social Workers x2	£0	£83,892	£83,892
YOU 0.6 (0.4+0.2) Psychologist (monies to be paid direct to commissioned CAMHS provider)	£25,238	£12,157	£37,395
Educational Psychology Service (EPS) -CYP IAPT	£33,500	Backfill costs	£33,500
Future in Mind Educational Psychology in Practice (EPIP) and Educational Psychology (EP)	£ 72,500	£0	£ 72,500
0.3 EP Incredible Years & crèche	£ 21,000	Crèche costs	£ 21,000
<b>Total</b>	<b>£23,775,137</b>	<b>£17,883,752</b>	<b>£41,658,889</b>

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 It was agreed in 2016/2017 to have an overarching pooled budget arrangement with twelve separate sub schedules showing a strategic layer of spend. .
- 4.2 NHS England guidance requires the pooling of the Better Care Fund to be via a Section 75 Agreement.

#### **5. REASONS FOR RECOMMENDATIONS**

- 5.1 That EMT is sited on the estimated figures whilst final arrangements are being undertaken for the current year.
- 5.2 That agreement is given by EMT to delegate formal sign off of the Section 75 Agreement on Enfield Council's behalf to the Director of Health and Adult Social Care.
- 5.3 Any decisions to disinvest from any of the funded schemes must be jointly agreed by the council and the CCG. The approach taken has been to evaluate the impact of funded schemes on demand management across health and social care and to agree any changes to funding priorities jointly which maximise positive demand management measures.

#### **6. COMMENTS OF THE EXECUTIVE DIRECTOR OF RESOURCES AND OTHER DEPARTMENTS**

##### **6.1 Financial Implications**

- 6.1.1 The contribution under the jointly approved Section 75 agreement for 2018/19 from the NHS Enfield Clinical Commissioning Group (ECCG) will be £23.775m and £17,883 from Enfield Council, totalling £41,658. There are some uplifts as detailed in the schedule, which still have to be agreed, which may increase the contribution from ECCG.
- 6.1.2 There has an increase in 2018/19 of 2.3% on services with a staffing element, such as the Mental Capacity Act and Deprivation of Liberty Safeguards, the Joint Commissioning Team and the Integrated Learning Disabilities Services to cover pay and employer pension increases.
- 6.1.3 Within Children's Services some uplifts as detailed in the schedule are still to be agreed.
- 6.1.4 The detailed schedules in the Section 75 Agreement with the NHS Enfield Clinical Commissioning Group for 2018/19 are specific areas of budget accountability within the People Department (Adult Social Care and Schools and Children's Services). They represent delegated budget holder and financial management responsibility and are

included as part of the monthly budget monitoring and year end close down process.

6.1.5 Under the Section 75 Agreement, the Council and NHS Enfield Clinical Commissioning Group will invoice the other for their contribution quarterly in arrears.

6.1.6 The Section 75 Agreement also includes procedures for the treatment of under and over spends at financial year end. In essence the parties will jointly agree whether resources are to be rolled forward to benefit future years or divided between the parties in the proportions as contributed.

## **6.2 Legal Implications**

6.2.1 Enfield Council has power under section 111 of the Local Government Act 1972 to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of its functions. Section 1 of the Localism Act 2011 further empowers Enfield Council to do anything that individuals generally may do, provided it is not prohibited by legislation and subject to Public Law principles.

6.2.2 The proposals in this report are in line with section 75 of the National Health Service Act 2006 (the "NHS Act"), together with associated secondary legislation and guidance. Section 75 enables Enfield Council to enter into arrangements to pool funds and integrate prescribed functions with NHS bodies (as defined in section 245 of the NHS Act) if such arrangements are likely to lead to an improvement in the way in which those functions are exercised.

6.2.3 Throughout the duration of the Agreement, Enfield Council must ensure value for money in accordance with the overriding Best Value Principles under the Local Government Act 1999.

## **7. KEY RISKS**

### **7.1 The available resources at both authorities are reviewed and existing capacity levels cannot be maintained.**

This has been mitigated by specifying the contributions to pooled funds as agreed as part of the budget setting processes at both organisations and including the agreed processes for managing an over-spend and under-spend within the pool.

## **8. IMPACT ON COUNCIL PRIORITIES**

### **8.1 Fairness for All**

The continuation of a Section 75 Partnership Agreement will contribute to delivering access to high quality health and social care services for local people through the facilitation of further integrated working, improving outcomes for health, social care and children's services.

### **8.2 Growth and Sustainability**

Enfield Council and NHS Enfield Clinical Commissioning Group will be able to develop the market, to ensure sufficient, high quality services are available to meet local demand, in line with the Joint Strategies and commissioning intentions

### **8.3 Strong Communities**

The continuation of a Section 75 Agreement will further strengthen the partnership between Enfield Council and NHS Enfield Clinical Commissioning Group and support integration across health, social care and children's services and the co-ordination of resources to provide more efficient and effective services.

## **9. EQUALITIES IMPACT IMPLICATIONS**

Equalities Impact Assessments will be carried out for each of the service areas within the Section 75 Agreement where necessary.

## **10. PERFORMANCE MANAGEMENT IMPLICATIONS**

The performance reporting arrangements are specified within each area of spend and set out the frequency of monitoring and what information will be collected to assess success. The continuation of the Section 75 Agreement will build on work already undertaken to integrate health, social care and children's services and evidence the Council's ongoing commitment to a partnership with health services to improve outcomes for local residents. The Section 75 Agreement will provide the mechanism through which seamless health, social care and children's services provision can be delivered thus improving the outcomes for local people.

## **11. HEALTH AND SAFETY IMPLICATIONS**

None

## **12. HR IMPLICATIONS**

None

**13. PUBLIC HEALTH IMPLICATIONS**

The continuation of the Section 75 Agreement will facilitate better integration and joint working arrangements across health, social care, and children's services which will contribute to a more strategic approach to the delivery of services and therefore offer the opportunity to improve public health as a result.

**Background Papers**

None

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**MUNICIPAL YEAR 2018/2019 REPORT NO. 41****MEETING TITLE AND DATE:**Cabinet 25<sup>th</sup> July 2018**REPORT OF:**

Executive Director Place

Contact officer and telephone number:

Sarah Cary: 0208 379 3500

E mail: sarah.cary@enfield.gov.uk

**Agenda – Part: 1****Item: 11****Subject: Genotin Road Car Park,  
Enfield Town****Wards: Town****Key Decision No: KD 4567****Cabinet Member consulted:  
Cllr Ahmet Oykener****1. Executive Summary**

- 1.1 This paper follows from a Cabinet report (no.93) on the strategy for Genotin Road Car Park in November 2017.
- 1.1.1 The Council and Metaswitch have engaged in discussions over the past 18 months as they have outgrown their existing premises. In an effort to retain Metaswitch in Enfield the Council and external agents undertook to identify a site within Enfield Town or in the vicinity for them to relocate to. Genotin Road Car Park is the only site that satisfies their space and time requirements.
- 1.1.2 Cabinet supported the retention of Metaswitch in the Borough and noted the development of a new office for them would support Enfield Town renewal and deliver positive outcomes for the whole borough.
- 1.1.3 Cabinet delegated authority to officers to progress final terms of the Option Agreement for the identified site of the Genotin Road Car Park. The delegation required a further report to Cabinet prior to any Option Agreement being entered into.
- 1.2 The aim of this report is for Cabinet to enable the Council to grant an institutional lease for, a grade A office building to Metaswitch Networks Limited and fund the development of that building, at an acceptable rate of return, whilst retaining this major employer and business in Enfield Town
- 1.3 This transaction will allow the company to bring forward a new Global headquarters building in Enfield. The development will be subject to planning committee approval.
- 1.4 Retaining a global company and major employer in the borough sends a clear message that the Council is 'open' for business. It also will give greater confidence to future occupiers whom we hope to attract to the Town Centre in light of the new Town Centre Framework Masterplan.

## **2. RECOMMENDATIONS**

- 2.1 To delegate authority to the Executive Director Place in consultation with Executive Director Resources to agree Heads of Terms and enter into a contract on those terms for an agreement for lease, including arrangements for the funding of the development of an office on land known as Genotin Road Car Park. On completion of the development, Metaswitch will enter into a business lease for a minimum of 15 years. The Council will retain the freehold of the property. The car park will be made available for public use at the weekend and evenings
- 2.2 The contract (whether it be a development agreement, lease, or contract for sale) to be in a form approved by the Director of Law and Governance.

## **3. BACKGROUND**

### **Context**

- 3.1 Enfield Council's 2016/2018 business plan describes a goal for "Enfield is seen as a place for collaboration and innovation by the high tech and manufacturing sections" and secondly, "an environment in which businesses and community groups are able to survive, grow, thrive and actively contribute to the prosperity of the borough." The median gross weekly pay for full time workers in Enfield as a workplace was £548.80 in 2017 – the lowest in London (London median was £692.50) and therefore the maintenance and creation of high skilled and better paid job opportunities is a key priority. Further, since 2010, the council has experienced year on year funding reductions and at the same time increasing demographic and cost pressures. In this context, the council, continues to explore innovative ways to support the budget position to mitigate the impact on front line services. One such option is to increase the council income through the investment in revenue generating property assets.

This paper sets out the background and business case for retaining a key employer in the borough whilst generating net additional income to support the council's budget.

### **Metaswitch**

- 3.2 Metaswitch Networks Ltd is an Enfield success story. The firm has been located in Enfield Town for approximately 36 years, founded in 1981 from an initial workforce of only 7 staff; it now has c400 employees in Enfield and over 800 worldwide. Metaswitch Networks Ltd is a global leading network software provider who provide technical support and software for over 1,000 network operators. It is funded by Sequoia, one of the world's leading technology investors and continues to trade well in the increasingly competitive technology

market. The company's headquarters are in Enfield, with offices in the; USA, Mexico, Hong Kong and Singapore. Metaswitch has an active apprenticeship programme, 60 summer interns; and high skilled employment we wish to retain and grow in our borough.

- 3.2 Metaswitch currently occupy three sites in the town centre, the largest being their Church Street office. They have outgrown their Church Street office, and with leases expiring on their other sites, Metaswitch approached Enfield Council about opportunities to remain in the town centre, grow their business, and consolidate into a new global headquarters building. Metaswitch's alternative global headquarters locations were Dublin, Belfast and Cambridge, where Metaswitch already have options. The November Cabinet Report describes the economic benefit of Metaswitch to the Town Centre (please see Appendix 1).
- 3.3 Following a review of site options with officers, in November 2017 Cabinet delegated authority for officers to progress an option agreement to either develop or sell the site of Genotin Road car park to Metaswitch for a new global headquarters office building. Other locations, such as the police car park, were discounted given space and time limitations. Members supported the principle of retention of Metaswitch in the borough and noted that there would be a detailed planning process on the detail of the development.
- 3.4 The process of progressing this option agreement into a specific proposal is detailed below.

### **3.4 Initial Cabinet Approval**

- 3.4.1 On the 15th November 2017 the Cabinet agreed in principle to further work being undertaken in respect of pursuing the following two options;

#### **Option 1: Freehold Disposal**

- A freehold disposal of the Genotin Car Park at Market Value. This value was derived at the time by an external RICS Registered Valuer and was based upon a residential scheme that would provide the Council a higher return as opposed to the land value for an office development.

#### **Option 2: Investment**

- The Council agrees to finance the development of the Office once Metaswitch decides to enter into a 125 year development lease. The Council would charge a ground rent equivalent to the loss of car parking income during the development period. On completion the development agreement would be replaced by an institutional lease for a minimum of 15 years. The Council would retain the freehold of the property. This would result in the car park being available for public use at the weekends and some evenings, the maintenance and cost of running the car park would be liable to the tenant.

See Part 2 for further detail of the initial options.

- 3.4.2 Option 2 was considered more favourable for the Council as it would retain partial control of the parking provision at the weekends and some evenings. The Council would also benefit from long term income and would have the ability to sell the asset on the open market in the future.
- 3.4.3 As described in the November Cabinet minutes, approval to proceed with option agreements was seen as a rare opportunity to retain a key business in the Borough and support the creation of a global HQ building in the borough. Furthermore, support for the scheme would highlight Enfield Council's commitment to business and economic development in the Borough whilst forming part of the regeneration of Enfield Town. The retention and expansion of Metaswitch in the borough was viewed as providing economic benefits for the wider Enfield business community. Finally, the expansion was viewed as a potential catalyst for further employment development in the Town Centre.
- 3.4.4 Following this initial proposal considered in November there has been ongoing activity namely:
- the Town Centre Framework Masterplan has been agreed and a further car parking analysis has been undertaken (3.5 below)
  - the heads of terms continue to be negotiated and revised (3.6 and 3.7)
  - due diligence on the options has been carried out

This work is detailed in the sections below.

### **3.5 Since the Initial Cabinet Approval – Town Centre Framework Masterplan**

- 3.5.1 Enfield Council adopted a Town Centre Framework Masterplan in March 2018. This describes how the town centre could adapt and develop to meet the current and future needs of the borough. This outlines short and medium-term development plans to support the health of the town centre, across office, shopping, residential and leisure uses. This Masterplan identifies the Genotin Road car park site as a short-term development opportunity for mixed-use development to strengthen the economy of the town. It describes public realm improvements and the potential access relationships of the car park site to adjacent sites.
- 3.5.2 To inform the Town Centre Framework Masterplan, an Enfield Town Parking Strategy was prepared for the Council by Alan Baxter Limited. This publicly available analysis indicates that even with the full loss of Genotin Road car park (122 spaces, 7% of parking in the Town Centre), the remaining parking supply in the Town Centre would have significant spare car parking capacity at the busiest times during typical conditions. However, seasonal Christmas Saturday shopping parking demand would exceed supply. The development agreement, described below and in the Part 2 report, includes for the Metaswitch car park to be available for public use on weekends and some evenings, and we are revising the feasibility of further opening of the Civic Centre car parking for public use.
- 3.5.3 The November cabinet requested officers to explore the feasibility of opening Portcullis car park to the public. After initial investigations, officers believe

Portcullis would need significant upgrading works, including improving access (it is currently one-way) to be suitable as public car park. This option is not being brought forward. However, expanding Civic Centre public parking at weekends and seasonal periods does seem feasible. A full car parking strategy for the borough is underway and will be brought forward soon, including a review of faith and evening parking in the Town Centre. Timings indicate that concerns around Enfield Town's parking supply and equalities can be resolved in time for planning determination, where transport impacts are appropriately considered.

### **3.6 Since the Initial Cabinet Approval – Discussions with Metaswitch**

- 3.6.1 Metaswitch and council officers have been in productive negotiations since November to progress financing the development of a new headquarters office.
- 3.6.2 Metaswitch proceeded at risk to develop plans for their office. In January 2018 they appointed a developer through a formal procurement process resulting in Stoford Developments as the nominated developer. Stoford Developments subsequently produced architectural designs in conjunction with an architect and pre- planning application discussions have commenced including a public meeting on the design proposals.
- 3.6.3 The proposed development constitutes a new office development for Metaswitch Networks Ltd as well as employee car parking spaces. The development terms include for the employee car parking spaces to be made available to the public at the weekend and selected evenings.
- 3.6.3 During April and May 2018, Cushman & Wakefield (appointed agents to Metaswitch/Stoford) approached the Council seeking to agree terms based on the financing of the development.
- 3.6.4 The Council have appointed GVA to provide advice on the structure. In June, outline terms were agreed with Metaswitch on the following basis.

### **3.7 Proposal and Structure – Recommended**

- 3.7.1 The original proposal for an option agreement has now fallen away as both parties would prefer certainty of a single choice agreement. The recommendation is now for the council to contract with Metaswitch to finance the development of a grade A office building and then enter a minimum 15-year lease for Metaswitch to occupy the building. This is a more favourable option than the 125 year lease proposed in November 2017 as this council retains ownership of the building as an investment property.
- 3.7.1 It is proposed that the Council will enter Heads of Terms and subsequently into an agreement with Metaswitch Networks Limited, comprising an Agreement for Lease and potentially a separate agreement. Subject to certain conditions being fulfilled, Metaswitch will appoint the Developer (Stoford) to arrange for the construction of the new office building and the Council will finance this (subject to certain conditions). The Council and Metaswitch will enter into an Agreement for

Lease in which the form of the new Lease will be agreed and will be entered into following Practical Completion of the development

- 3.7.2 Conditional Exchange of principal agreement is anticipated in summer 2018 with an Unconditional Exchange taking place just ahead of commencement of construction in Autumn 2018. Conditionality will include planning and tendering of the main building contract. Practical Completion is anticipated to take place in Autumn 2020.
- 3.7.3 The agreement requires Metaswitch to design a 'Grade A' office which is of high quality and can be easily used by other tenants. This supports the council's financial investment, enabling the building to be leased to other tenants at the end of Metaswitch's lease should they vacate.
- 3.7.4 With regards to car parking, Metaswitch's consolidation will include a reduction in staff car parking per head from their current provision. Also, the Heads of Terms agreement terms include a requirement for the car park associated with the Metaswitch development to be available for public use during evenings and weekends. We intend for the detail of these arrangements, including alignment with council parking strategy on charging and access, to be agreed as part of the Agreement for Lease.
- 3.7.5 Following financial due diligence, option 2 to develop the site, maximises the financial return for the council.

**Please see section 6 of this report for details of the due diligence compiled on the proposed deal.**

**See Part 2 report for detail of the proposed deal.**

### **3.8 The Development**

Construction of the proposed office building will be subject to planning processes including approval by committee.

## **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 Not seeking retain Metaswitch Networks Ltd in the Town Centre is likely to see Metaswitch relocate outside the borough. This would result in the loss of c400 jobs, c£630,000 spend in the Town Centre by staff, and a lost opportunity to enhance the Town Centre.
- 4.2 Alternative locations for a new Metaswitch office were considered in Autumn 2017. These locations, (e.g. Civic Centre, Police Station, occupation across several locations) were discounted as they did not meet Metaswitch's time and space requirements. Please see Appendix 1 for more detail. Several of these options would also result in the Council losing out on a valuable property investment opportunity.

- 4.2 A further option which retains Metaswitch in the town centre is to sell the car park land freehold to Metaswitch, who will finance the proposed office development separately. This results in a one-off cash receipt of to the council. Officers do not recommend this as it harms the Council's ability to shape the Town Centre over time as well as loses out on a valuable property investment opportunity.

## **5. REASONS FOR RECOMMENDATIONS**

- 5.1 The development of a new grade A office building and pre-letting to a local business represents a solid financial investment opportunity for the Council. The Council will receive ongoing rental income significantly above the car park income and make a reasonable return on the expenditure to build the development.
- 5.2 It also retains a key business in the borough and support the expansion of a significant employer to create a global HQ building in the London Borough of Enfield. The development of the car park and use as an office is supported by the Town Centre Framework Masterplan, and could help act as a catalyst for further employment development in the Town Centre.

## **6. COMMENTS OF THE EXECUTIVE DIRECTOR OF RESOURCES AND OTHER DEPARTMENTS**

### **6.1 Financial Implications and Due Diligence**

- 6.1.1 Following the 15<sup>th</sup> November 2017 Cabinet report, financial due diligence has been undertaken on the proposals to enable the retention of a major employer and business in Enfield Town and the Council to bring forward an office development on the Genotin Road car park site for the company's new global & European headquarters building.
- 6.1.2 The Council currently receives an income from the existing car park. This income would be lost should the site be disposed of or if the site was given an alternative use. However, the lost income would be replaced by a lease rent for an office building (funded by the Council) significantly above the car park income.
- 6.1.3 Our Professional Advisers (GVA) have undertaken IRR (internal rate of return) analysis using their professional industry expertise; and provided their professional view on this deal comparable with other similar deals. See Part 2.
- 6.1.4 The council finance team have undertaken a NPV (net present value) cost benefit calculation of three options:
- Base case no change, retain the land as a car park
  - Option 1: sell the land for redevelopment to Metaswitch Networks
  - Option 2: the proposed Heads of Terms:
    - o 15 years post construction
    - o 40 years post-construction.

See Part 2 for details.

- 6.1.5 The due diligence workstreams to support this cost benefit analysis include: consideration of our professional adviser's views; capital investment appraisal using net present value calculation; implications on the council's annual revenue budget and capital budget.
- 6.1.6 In addition, an assessment of the financial standing of Metaswitch and an assessment of the impact of the loss of the Genotin Road car park on the council's overall car parking income has been undertaken and integrated into all the council's modelling.
- 6.1.7 All developments include a level of risk, key assumptions within the financial models include 1) value of the building in the future and 2) assume that the building is let once built able to be let in the future. These risks are mitigated by taking prudent assumptions in our approach to the financial due diligence. For example, all the models (GVA and the council cashflow) have included the value of the land, this is an opportunity cost rather than an actual cash cost.
- 6.1.8 This modelling has been undertaken using the draft heads of terms, although these are not expected to materially change, due diligence will be repeated on the final heads of terms. The outcome of this due diligence is set out below.
- 6.1.9 In conclusion, financial due diligence indicates that the highest financial return arises from Option C – development of the land to rent to Metaswitch. There are risks with any such development, however these risks need to be viewed alongside the qualitative benefits. This is summarised in this simple cost benefit table. (Refer to part 2 for the supporting details of the calculations included in this table and additional financial due diligence such as the annual revenue implications and financial standing of Metaswitch.)

#### 6.1.10 Cost benefit table

	<b>Base Case Retain car park</b>	<b>Option 1: Sell land to Metaswitch</b>	<b>Option 2: Develop land and rent building to Metaswitch</b>
NPV (17 years)	£4.720m	£1.719m	£5.738m (£9.682m excluding notional interest and land )
NPV (42 years)	£8.147m	£0.862m	£10.780m (£14.723m excluding notional interest and land)
Balance sheet impact			The Council will own an "A class" office building – potential for future uses include, renting, council offices and housing conversion. This needs to be balanced against any risk that the building may not be lettable.



Benefits to economic sustainability and employment and town centre	<p>No change in existing economic benefit from existing users continuing to access town centre.</p> <p>Impact on employment and town centre is dependent on the likelihood that Metaswitch Network will seek to move out of Enfield and the town centre.</p>	<p>Metaswitch is key employer with a highly skilled workforce of over 400 employees of which 200 live locally.</p> <p>Further Metaswitch aims to increase their workforce based at Enfield; the Genotin Road site would be the Headquarters of this international company.</p> <p>Commitment to Business and Economic development in the Borough whilst forming part of the regeneration of Enfield Town.</p> <p>The economic benefit to the town would increase as Metaswitch moved staff into the new building and expanded.</p>
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## 6.2 Legal Implications

- 6.2.1 By Section 123 of the Local Government Act 1972 (“S.123 of the LGA”) and Section 1 of the Localism Act 2011 the Council has the power to dispose of land in any manner it wishes, subject to certain conditions.
- 6.2.2 The Council has a statutory duty to obtain the best price reasonably obtainable, subject to certain exemptions.
- 6.2.3 State aid rules in relation to the disposal of land require (unless other exemptions apply) the disposal to be at market value and (in these circumstances) an independent valuation. There has been no bidding or auction procedure here, so the Council must ensure market value by benchmarking or another assessment method. This can be by way of obtaining an independent valuation. The Council may not take into account benefits that it might receive from the disposal of the land that would not be of benefit to a private sector seller. Accordingly, any wider regeneration or social benefits of the transaction cannot be factored into the valuation. As noted above, GVA has provided advice to the Council in relation to whether the proposed arrangements equate to market value.
- 6.2.4 In accordance with the Council's Property Procedure Rules the inclusion of property on the disposals programme requires approval either by the appropriate Cabinet member or by Cabinet itself.
- 6.2.5 The Property Procedure Rules require all disposals to be made on a competitive basis, unless justified and approved otherwise.

- 6.2.6 In this particular case, as the intended transaction is to be on a non-competitive basis, a valuation report will be required in order to justify the disposal on the terms proposed, and in particular that it achieves best value.
- 6.2.7 The Public Contracts Regulations 2015 (the Regulations) require the Council to follow the competitive tendering procedures set out in the Regulations when procuring contracts for services, works and supplies over specified thresholds. Contracts for the disposal of land are specifically excluded from the Regulations and it is proposed that the transaction is structured so that it is a disposal of land which does not amount to a works or services contract requiring a competitive tendering procedure under the Regulations.
- 6.2.8 It is proposed that the transaction is structured with the intention that it is a disposal of land which does not amount to a works or services contract requiring a competitive tendering procedure under the Regulations. In order to do so, under Option C the Council would enter into one or more agreements with Metaswitch (as appropriate, following further legal advice), including an agreement for lease, and Metaswitch would have a primary contractual relationship with Stoford for development of a new office building.
- 6.2.9 Final legal implications are also reserved pending receipt of full and final Heads of Terms.

### **6.3 Property Implications**

- 6.3.1 External consultants (GVA Grimley) have undertaken valuations that estimate the market value of the land at the Genotin Road.
- 6.3.2 The Council is of the opinion that the disposal is in line with the Council Property Procedure Rules and the Council have obtained best value under s123 of the LGA (1972); the valuation received confirms the price offered for the land.

## **7. PERFORMANCE MANAGEMENT IMPLICATIONS**

The legal agreements will have deadlines and dates for both Metaswitch and the Council to adhere to and will be managed accordingly.

## **8. KEY RISKS**

See Part 2 report for detail.

- 8.1 All developments include a level of risk, key assumptions within the financial models include 1) value of the building in the future and 2) assume that the building is let once built able to be let in the future. These risks are mitigated by taking prudent assumptions in our approach to the financial due diligence. For example, all the models (GVA and the council cashflow) have included the value of the land, this is an opportunity cost rather than an actual cash cost.

## **9. IMPACT ON COUNCIL PRIORITIES**

- 9.1 Fairness for All By retaining Metaswitch Networks in the Borough, families are not uprooted and moved and the local economy is not damaged with the long term future of Enfield Town secured.
- 9.2 Growth and Sustainability The development of the office and global headquarters building will confirm to stakeholders that Enfield supports opportunity creation and job retention and is business friendly, which will lead to onward supply chains seeking to relocate to Enfield thereby creating jobs and prosperity.
- 9.3 Strong Communities Metaswitch are a community company with over half of the workforce residing in Enfield. The company are charitable with donations to local charities and hospices high on their agenda every year. Together this company has been part of Enfield since it's conception.

## **10. EQUALITIES IMPACT ASSESSMENT**

- 10.1 The council has a vision to create a fairer future for all by promoting social and economic equality in an economically vibrant borough.
- 10.2 The retention of a key employer providing highly skilled and secure work in our borough supports this ambition.
- 10.3 In formulating the specific recommendations of this report the potential impact on the equalities has been taken into account, including people identified as having protected characteristics.
- 10.4 There are 10 blue/brown badgeholders spaces in Genotin Road car park, mitigations will be taken into account in the design and planning stages.

## **11. PUBLIC HEALTH IMPLICATIONS**

The reduction in car parking spaces will have a positive impact on public health through less reliance on short car journeys and use of alternative modes of transport including walking and cycling.

## **12. HR IMPLICATIONS**

Delivering this development scheme within the tight time constraints together with various other complex projects and schemes in the pipeline will require additional resources, initially will be met from within existing sources, however specialist areas where delivery is concerned may need to be met from external sources.

## **13 OVERVIEW AND SCRUTINY**

A draft of this report was presented to Overview and Scrutiny on 12 June 2018, as pre-scrutiny process. The report was substantially revised to reflect the

matters raised. The following section details how scrutiny concerns have been considered in the revised report.

1. It is understood from the report that the preferred option for the Council is Option 1. Is this correct and are Metaswitch definitely on board for this option?
  - Yes, see Section 3.6 and 3.7
2. Why do you think it is the best option for the Council to fund this for Metaswitch?
  - This is the most financially favourable option, see Section 6
3. Are the Council going to manage this project?
  - Only with regards to financing, see Section 3.7 for detail
4. Why would you dispose of an asset, i.e. the car park which generates approximately £200,000 in income per year? We are meant to be encouraging more foot-fall into Enfield Town so why would you dispose of a car park?
  - See Section 6 and Section 3.5.
5. What are the long-term plan/implications? What is the forward plan if in 15/20 years Metaswitch leave Enfield?
  - See Section 3.7.3
6. Who will get the income if Metaswitch decide to rent out the car park in the evenings and at weekends?
  - This is still under negotiation with Metaswitch. For prudence's sake we have assumed in the cost benefit analysis that the Council's car parking income reduces by 25%. Please see Part 2 for detail.
7. Has a cost analysis been done on what Metaswitch employees currently spend in Enfield Town? Can we see details of the Cost Benefit Analysis that have been undertaken?
  - This was undertaken to inform the November cabinet. See Appendix 1
8. What are the options for Metaswitch funding this deal themselves?
  - This is not a preferred option by either party however we have analysed this option, see 6.1.10 "sell the land".
9. Will Metaswitch be covering the loss to the Council for future car park charges?
  - No, Metaswitch will not be specifically covering the reduction in car parking income. However, overall the financial due diligence shows that the rental income will exceed the estimated car park income losses. Customers will park in other town centre car parks. The cost benefit analysis in Section 6 assumes that the council will lose some of the income, see Part 2 for detail.
10. Why is there no Equalities Impact Assessment included in the report? It was felt that the proposed build would have a huge impact on the community and local residents as well as local faith communities who regularly use the car park at times of worship.
  - See Section 10 and 3.5.3
11. Are we as a Council being driven by what Metaswitch want or are we doing this as it really is what's best for the Council?
  - See Appendix 1 as well as Section 3.1, Section 3.3 and Section 6
12. Further concrete evidence should be included in the report to Cabinet on what other car parking will be made available for use in Enfield (e.g. schools etc). Convincing and specific information is required.
  - See Section 3.6.3 and 3.7.4

13. We are making assumptions about how much Metaswitch contribute to the viability of the Town Centre. Again specific and concrete evidence is required.
  - See Section 3.10 to 3.20 in the Appendix 1, as well as 3.1 and 3.2
14. Cost Benefit Analysis figures should be included in the Part 2 report to Cabinet.
  - See Section 6 and the Part 2 report for an expanded version.
15. What will be the impact on businesses in Enfield given the number of empty shops should the Genotin Road car park close?
  - Should the car park close, there will be very limited impact. Analysis done for the Town Centre Framework Masterplan shows the remaining parking supply is appropriate. A separate survey of town centre users indicated that 80% of users come by non-car modes. For detail, please see Section 3.5.2 and the parking analysis available at: <https://new.enfield.gov.uk/services/planning/planning-policy/master-plans/>

## **BACKGROUND PAPERS**

Appendix 1- November Cabinet Report

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## APPENDIX 1

## MUNICIPAL YEAR 2017/2018 REPORT NO.93

## MEETING TITLE AND DATE:

CABINET – 15<sup>th</sup> November 2017

**JOINT REPORT OF The  
Executive Directors of:**  
Finance, Resources and  
Customer Services &  
Regeneration and Environment

Agenda - Part: 1

Item - 9

Genotin Road Car Park, Enfield Town

WARD: All

KD 4568

**Contact officers:**Mohammed Lais Tel: 0208-379-4004 email: [mohammed.lais@enfield.gov.uk](mailto:mohammed.lais@enfield.gov.uk)Jeremy Pilgrim Tel: 0208-379-3563 email: [jeremy.pilgrim@enfield.gov.uk](mailto:jeremy.pilgrim@enfield.gov.uk)**1. EXECUTIVE SUMMARY**

- 1.1 This report is part of the Council's wider strategy to meet the needs of the business community within Enfield Town and to create the catalyst to kick-start the Enfield Town Framework Master Plan.
- 1.2 The Enfield Town Framework Master Plan, formally known as the Enfield Town Master Plan will form a Supplementary Planning Document as part of Enfield's Local Plan and supports the delivery of regeneration priorities within the Borough's Major Centre for the next 15 years.
- 1.3 The key aim of this report is that Cabinet agree to the strategy and Option Agreement for Genotin Road Car Park contained herein that will allow the retention of a major employer and business in Enfield Town and allow the company in partnership with the Council to bring forward an office development on the Car Park site for the Company's new Global & European Headquarters building.
- 1.4 The Borough of Enfield need anchor companies in new and evolving markets, and having a European Headquarters building situated within the Borough of Enfield sends a clear and direct message that the Council is 'open' for business to forward supply chains, companies and inward investment.
- 1.5 It also will give greater confidence to future retail and evening economy investors whom we hope to invest in light of the new Town Centre Masterplan that there will continue to be a strong business footfall during working hours in the Town Centre
- 1.6 In the current climate of 'BREXIT' and uncertainty in economic markets, central Government negotiating the exit with EU leaders, this commitment from a worldwide international company to locate its HQ building and stay in London, Enfield will not only raise the profile of the London Borough of

**APPENDIX 1**

Enfield but also London as a whole in telecommunications and communications technologies which are driving the next wave of tech innovation.

1.7 The Local Plan Cabinet Sub Committee on the 3<sup>rd</sup> May 2017 endorsed the proposed consultation of the draft Enfield Town Framework Master Plan SPD which considers how growth projections for Enfield Town can be accommodated successfully through the regeneration of potential development sites. The proposal within this report conforms to the Master Plan objectives by enabling more jobs and supports the implementation of Phase 1 of the Master Plan on the Car Park site.

1.8 The Council and the 'Company' have been engaged in various high level discussions over the past 18 months as they have outgrown their existing premises and in an effort to retain the Company in Enfield the Council and external agents have undertaken a rigorous site process in an effort to identify a site within Enfield Town or in the vicinity for the Company to relocate to. Genotin Road Car Park is the only site large enough to accommodate an office development that satisfies the requirement.

**2. RECOMMENDATION**

It is recommended that Cabinet:

- 2.1 approves the Option Agreement as set out in the Part 2 Report and further
- i) Delegates Authority to the Executive Director of Finance, Resources and Customer Services and the Assistant Director – Strategic Property Services to approve the final terms and structure of the Option Agreement in accordance with the Council's Property Procedure Rules.
  - ii) Delegates Authority to the Executive Director of Finance, Resources and Customer Services in conjunction with the Executive Director of Regeneration and Environment to explore feasibility of opening Portcullis Car Park to the public.

**3. BACKGROUND**

- 3.1 Genotin Road car park is currently one of the largest surface car parks in Enfield Town and has 123 car parking spaces. The proposed development on the Genotin Road car park site is a new office development for the Company as well as employee car parking spaces. Proposals indicate that the employee car parking spaces will be made available to the general public at evenings and weekends to mitigate the loss of parking outside of office hours. This would mitigate peak parking demand requirements as identified by the Council and discussed in this report on weekends and holidays during the year.



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- 3.2 The Council have been discussing options with Metaswitch Networks Ltd for the past 18 months, one of the largest employers in the town after the Council regarding their ongoing search to relocate to larger premises and consolidate offices to one location to create a Global/ European Headquarters Building.
- 3.3 With the assistance of key officers within the Council, Genotin Road Car Park has been identified as the preferred location in Enfield, as opposed to other locations such as Dublin, Belfast and Cambridge where Metaswitch already have options.
- 3.4 Metaswitch Ltd is an Enfield success story. The firm has been located in Enfield Town for approximately 26 years, founded in 1981 from an initial workforce of only 7 staff; it now has 400 employees in Enfield and over 700 worldwide.
- 3.5 They have become the world's leading network software provider, powering the transition of communication networks onto a cloud based, software centric IP Future supplier. They serve more than 1,000 network operators and suppliers around the world. Metaswitch's operations are headquartered from Enfield Town, with the company having other offices in San Francisco, Washington DC, Dallas, Melbourne (Australia), Mexico City, Hong Kong and Singapore.
- 3.6 Metaswitch is seeking to expand its office in Enfield Town and is unable to do so at their current location on Church Street. Metaswitch have already expanded their operations to two other sites in Enfield Town at Ross House and Oliver House but are looking to consolidate their operations into one building. Metaswitch's aspirations are for a new office building on Genotin Road to house the current 348 employees that the company employs in Enfield Town as well as offering room to recruit more people and expand in the future.
- 3.7 This proposal conforms not only to the Enfield Town Master Plan but also the priorities and policies of the Council with regard to Inward Investment. The investment into Enfield by Metaswitch will be high in the millions over the next 3 years. The company fits with Cloud and Smart City Communications and have their annual EMEA (emerging Markets) conference here in the UK which would give the Borough significant exposure internationally.
- 3.8 This company is significant with over £300,000 annually in business rates expected from 2020 and will create additional jobs through re-settlement from abroad and expansion. The company are also committed to develop higher level apprentices and recruit graduates direct. The additional footfall in Enfield would mean more business for the Town and surrounding restaurants and shops. Longer term for the Council and the Borough it would give a higher profile in the ICT telecoms sector for the London Stansted Cambridge Corridor (LSCC).
- 3.9 The Council, the Borough and London therefore cannot afford to lose such companies as it would send the wrong message to the wider business arena and existing businesses within.

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### **ECONOMIC NEED & IMPACT ASSESMENT**

- 3.10 To understand the full economic impact of Metaswitch leaving the Borough, the Council appointed consultants to measure the impact of both economic and employment should the Company decide to leave.
- 3.11 The Council's consultants have been able use a number of data sources to analyse the impact to employment and Gross Value Added (GVA) in Enfield Town (the amount in monetary terms a business contributes the economy), 3 key sources have been used;
- The Cycle Enfield Town Centre Surveys
  - Estates Gazette – provides a directory of businesses and number of employees
  - ONS Annual Business Survey
- 3.12 To supplement these data sources, Metaswitch has provided data on the number of staff employed in Enfield, their annual wage roll, business expenditure with local businesses and our consultants conducted a survey of Metaswitch staff to ascertain spending patterns and usage of the Town Centre, bearing in mind over 200 persons and their extended families live in Enfield.
- 3.13 The report that the consultants undertook to deliver is extensive but suffice to say that if Metaswitch relocated outside the Borough and their 400 employees were not replaced by another office-based company moving in then annually around £630,000 of local spend would be lost to the town centre – Based on average turnover per Full-Time Equivalency (FTE), the estimated £630,000 spent by Metaswitch staff per annum supports the equivalent of nine people full time staff (FTE) in the town centre.
- 3.14 Moreover Metaswitch accounts for approximately 11% of all employment and around 35% of total Gross Value Added (GVA) in Enfield Town.
- 3.15 The supply chains spend for the staff canteen and other locally sourced supplies would also be lost as well as other indirect impacts – these are discussed in the Part 2 report. Impact would be most felt through the Metaswitch food and drink supply chain (for their canteen) and in local food, drink and leisure services.
- 3.16 It should be noted that if Metaswitch vacate the current offices and move elsewhere it is unlikely that the office capacity will be reprovided as the owner of Ross House favours conversion or redevelopment of that build to residential.
- 3.17 Metaswitch will look to expand its workforce in the new office at Genotin Road as they are looking to recruit and relocate staff from international offices. If Metaswitch recruited 50 additional staff this would increase local spend by £90,000 per annum.
- 3.18 In terms of business rate income from the new development, it is estimated that this would be in excess of £300,000. Subject to Government consultation on the full business rates retention from 2020 it is assumed that the Local Authority would retain a greater share of rates income, this share is not yet confirmed. Currently the
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LA retains 30% of business rates receipts and on this basis a minimum of £90,000 would be retained from the new office development if the status quo remained.

- 3.19 Metaswitch pay £102,000 in business rates for the Church Street location and £87,000 at Ross house. If they move away then this would be lost but if the sites were redeveloped into residential that income would be replaced by Council Tax income. However, a new building at Genotin Rd, with a much higher rateable value should generate more than the current level of business rates from the two locations.
- 3.20 Overall the retention of Metaswitch in economic and employment terms is key to the Council's overall strategy for the regeneration of Enfield Town and as a key enabler of inward investment.

**CAR PARKING CONTEXT**

- 3.21 There are currently seven car parks in Enfield Town which are available for public use (Tesco's car park is for customers only). These car parks provide over 1,400 spaces and have a wide range of sizes and types (including open air and multi-storey). The largest car parks in Enfield Town at present are Palace Gardens (550 spaces) and Palace Exchange (500 spaces).
- 3.22 Genotin Road car park accounts for around 9% of car parking spaces in Enfield Town, and is the closest car park to Enfield Town railway station.
- 3.23 Shown below in the table is a summary of car parking for Enfield Town.

Type	Location	No of spaces available	
On-street	Church Road and London Road	14 (1 disabled)	Pay and display, limited to 2 hours
On-street Single Yellow Line Areas	Church Road and London Road	c.32	Only available in the evenings
Off-street	Little Park Gardens	99	Mon-Sat 7:30am - 6:30pm
	Church Lane	16	1 Hour £1.20, 3 Hours £2.40
	Genotin Road	123	5 Hours £4.00, Max £6.00
	New River Loop	46	Evening Free
	Sydney Road	68	Free parking for 3 hours on Sunday
	Palace Gardens	550	
	Dugdale Centre	500	Mon-Sun 6:00am - 10:00pm £1 per hour, up to a max of £7
Total Daytime		1,416	
Total Evening		1,448	

- 3.24 Analysis of parking data finds that total occupancy during 2016 for all car parks in Enfield Town is below 71% on weekdays and weekends throughout the year suggesting sufficient car parking is provided in Enfield Town for the majority of the year. During Easter/special sale periods and Christmas, occupancy rates rise on

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average of 74% in weekday peak periods and an average of 94% in weekend periods.

- 3.25 During 2017 similar parking patterns emerge, where the peak pinch-points are during Easter, the run up to the Christmas period. On an average week in the year the car park usage for Genotin Road is at its peak between 1pm and 5pm where all spaces are used, however at the same time the other car parks in the Town have capacity and some are even at 50% capacity throughout the peak periods.
- 3.26 The income for the car park during the years of 2015, 2016 and 2017 has remained constant at circa £175,000 per annum excluding including season tickets and cashless purchases and not including PCN's. In future years this loss of income will be partially offset by the increased business rates for the new office development due in 2020, however only 30% of rates are currently retained by the Council, future share of retention of rates receipts is subject to further consultation by Government and a decision is due in 2020.
- 3.27 As part of the new office development at Genotin Road, Metaswitch have offered the use of their staff car park at weekends throughout the year to the public alleviating the congestion at very high peak shopping periods. Further mitigation could also be brought forward for a period of two years during the development period.
- 3.28 Overall the loss of car parking spaces during weekdays will have no impact upon parking, employment or GVA given there is surplus capacity at other car parks in Enfield Town. None of the data from the car parking survey shows car parking capacity across Enfield Town being exceeded on a regular basis. Live parking availability is shown on signposts on all major routes into Enfield Town, therefore ensuring that shoppers are able to find alternative car parks.
- 3.29 The impact assessment shows that the same is true for parking at weekends in March, June and October, with parking never going over-capacity under the scenario conditions. The only occasion in the year when parking does go over-capacity is on December weekends and at the peak time of the shopping season.
- 3.30 On Saturdays in December, car parks in Enfield Town currently reach full capacity between 1pm and 3pm. The removal of 123 spaces and the provision of only 90 spaces (Subject to planning) would cause over-capacity across Enfield Town's car parks between 1pm and 4pm. The economic impact of this overcapacity is considered below. Without the provision of 90 spaces, car parks in Enfield Town would be considerably more over-capacity, with 11% more cars than spaces. The table below shows the current occupancy rate of car parks in Enfield Town, and how the occupancy rate would change at peak hours on December Saturdays if Genotin Road car park was lost, and if 90 spaces were provided at weekends.

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Saturday	Existing		Without Genotin Road car park	With new Genotin Road car park
	No. of users	% Occupancy Rate	% Occupancy Rate	% Occupancy rate
11-12pm	1,080	87%	97%	90%
12-1pm	1,180	95%	106%	97%
1-2pm	1,230	100%	111%	102%
2-3pm	1,240	100%	111%	103%
3-4pm	1,220	98%	109%	101%
4-5pm	1,030	82%	92%	85%
5-6pm	630	52%	57%	54%

This could be further mitigated as the Council's car parks have not been included such as the Civic Centre Public Car Park.

3.31 Currently on Sundays in December, car parks in Enfield Town are near full capacity, with a 94% occupancy rate between 1pm and 2pm on Sundays. The removal of Genotin Road car park would cause an over-capacity in Enfield Town between 12pm and 3pm. However, providing an additional 90 spaces (subject to planning) at Genotin Road would ensure that car parks in Enfield Town do not reach full capacity. The table below shows the current occupancy rate of car parks in Enfield Town, and how the occupancy rate would change at peak hours on December Sundays if Genotin Road car park was lost, and if 90 spaces were provided at weekends

Sunday	Existing		Without Genotin Road car park	With new Genotin Road car park
	No. of users	% Occupancy Rate	% Occupancy Rate	% Occupancy rate
10-11am	510	41%	45%	42%
11-12pm	1,010	82%	91%	83%
12-1pm	1,130	91%	101%	93%
1-2pm	1,170	94%	105%	97%
2-3pm	1,160	93%	104%	96%
3-4pm	1,020	82%	91%	84%
4-5pm	570	55%	61%	56%

#### 4. PROPOSAL

- 4.1 The proposal in this report recommends a major strategic development of a Global Head Office on Genotin Road Car Park, Enfield Town to retain a key employer and company in the Borough.
- 4.2 Cabinet are asked to approve an Option Agreement that will detail two options that upon Metaswitch obtaining satisfactory planning permission for the redevelopment of the site will trigger either Option 1 or 2 which are discussed in the Part 2 report.
- 4.3 This will give Metaswitch comfort and reassurance and mitigate the risk of them expending considerable resource in bringing forward a planning application, and also will give the Council the luxury with regards to timelines and contingency planning.

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- 4.4 The aim for both parties is to construct a high quality office Head Quarters building providing state of the art accommodation of approximately 50,000-70,000 sqft with associated car parking for the staff and public.

### 5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 Not trying to retain Metaswitch Networks Ltd in the Borough will be considered a lost opportunity to retain a world class leader in technology, investment and employment.
- 5.2 Officers have considered using other facilities and land owned by the Council for expansion and office development. The Civic Centre has been discussed in particular the Tower (A Block), also a disposal/lease of several office locations in the Town has been discussed, however Metaswitch would prefer an exclusive occupational site.

### 6. REASONS FOR RECOMMENDATIONS

- 6.1 This is a rare opportunity to be able to retain a key business in the borough and support the expansion to create a global HQ building in the London Borough of Enfield.
- 6.2 This development will catalyse the Enfield Town regeneration and deliver positive outcomes for the whole borough and continue Enfield Council's commitment to Business and Economic development in the borough. It could act as a catalyst for further employment development in the Town Centre.

### 7. KEY RISKS & MITIGATION

- 7.1 **Failure to provide the Land** resulting in a damaged reputation and failure to meet the needs and aspirations of industry – Mitigated by entering into an Option Agreement with Metaswitch Networks Ltd for the Land.
- 7.2 **Failure to provide adequate parking** for the Town Centre- mitigated by Metaswitch reproviding their staff car park at the weekends to alleviate peaks parking pressures, during the construction stages, the Council can make available Council car parks in the Town area and also Enfield Grammar School have in the past opened up their playground for parking.
- 7.3 **Failure to allocate funding (Forward Funding Option)** resulting in Metaswitch drawing down alternative funding for the project, therefore negating Option 2.
- 7.4 **Risk of public opposition** objecting to parking changes with the largest surface car park in Enfield Town,– Mitigated by early extensive consultation with the public, businesses and other stakeholders during planning submission showing all stakeholders that this is essential for the future of Enfield Town as a viable shopping centre.
- 7.5 **Risk of costs rising** and value of disposal values falling.- Mitigated by monitoring and early identification at Capital/Investment Board of any possible issues.

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- 7.6 **Risk of delays** and additional costs - . Mitigated by consultation with all parties and senior officers; both at the Council and at Metaswitch. Fortnightly Project Board meetings at various stages to continue during design and beyond.
- 7.7 **Risk of issues with planning** application due to opposition and conservation issues. To be mitigated by early consultation with planners plus a pre planning application.

### 8. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

#### 8.1 Financial Implications

See Part 2 Report

#### 8.2 Legal Implications

- 8.2.1 By Section 123 of the Local Government Act 1972 ("S.123 of the LGA") and Section 1 of the Localism Act 2011 the Council has the power to dispose of land in any manner it wishes, subject to certain conditions.
- 8.2.2 The Council has a statutory duty to obtain the best price reasonably obtainable, subject to certain exemptions.
- 8.2.3 In accordance with the Council's Property Procedure Rules the inclusion of property on the disposals programme requires approval either by the appropriate Cabinet member or by Cabinet itself.
- 8.2.4. The Property Procedure Rules require all disposals to be made on a competitive basis, unless justified and approved otherwise.
- 8.2.5 In this particular case, as the intended transaction is to be on a non-competitive basis, a valuation report will be required in order to justify the disposal on the terms proposed, and in particular that it achieves best value..
- 8.2.6 The terms of the Option Agreement should be in a form approved by the Director of Law and Governance.

#### 8.3 Property Implications

- 8.3.1 As embedded in this report.
- 8.3.2 External consultants (GVA Grimley) have undertaken valuations that estimate the market value of the land at the Genotin Road.
- 8.3.3 The Council is of the opinion that the disposal is in line with the Council Property Procedure Rules and the Council have obtained best value under s123 of the LGA (1972); the valuation received confirms the price offered for the land.

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### **9. PERFORMANCE MANAGEMENT IMPLICATIONS**

The Option Agreement will have deadlines and dates for both Metaswitch and the Council to adhere to and will be managed accordingly.

### **10. EQUALITIES IMPACT ASSESSMENT**

Not required for this report.

### **11. PUBLIC HEALTH IMPLICATIONS**

Not required for this Report

### **12. IMPACT ON COUNCIL PRIORITIES**

#### **12.1 Fairness for All**

By retaining Metaswitch in the Borough, families are not uprooted and moved and the local economy is not damaged with the long term future of Enfield Town secured.

#### **12.2 Growth and Sustainability**

The development of the office and global headquarters building will confirm to the wider arena that Enfield is about opportunity, creation and retention of jobs and business friendly which will lead to onward supply chains seeking to relocate to Enfield thereby creating jobs and prosperity.

#### **12.3 Strong Communities**

Metaswitch are a community company with over 52% of the workforce residing in Enfield. The Company are also very charitable with donations to local charities and hospices high on their agenda every year. Together this company has been part of Enfield since its conception and it would be a sad day for Enfield if they were to leave the Borough.

### **13. HR IMPLICATIONS**

**13.1** Delivering this development scheme within the tight time constraints together with various other complex projects and schemes in the pipeline will require additional resources, initially will be met from within existing sources, however specialist areas where delivery is concerned may need to be met from external sources.

**13.2** As the projects(s) evolve there will be a requirement at different stages for further skill sets to complete various tasks, this could be achieved either through the Strategic Partnership Co-Sourcing agreement or through another short term agreement.

## **BACKGROUND PAPERS**

None.

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**MUNICIPAL YEAR 2018/2019 REPORT NO. 31****MEETING TITLE AND DATE:****Cabinet – 25 July 2018****REPORT OF:**

Director of Health and Adult  
Social Care  
Executive Director of Resources

Contact officer and telephone number:

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**Agenda – Part: 1****Item: 13****Subject:****Reardon Court Extra Care Housing****Wards: All****Key Decision No: KD4710****Cabinet Member consulted:****Cllr Cazimoglu****1. EXECUTIVE SUMMARY**

- 1.1 The number of people in Enfield over 65 years of age is forecast to increase by 23% over 10 years – from 42,400 in 2015 to 52,500 in 2025. This increase is slightly above the overall percentage increase of England (21%) and poses a significant local challenge in terms of developing services to meet future demand. This includes demand for quality, accessible and care focussed housing in later life.
- 1.2 Extra Care Housing (ECH) provides purpose built, accessible, self-contained accommodation plus communal facilities, to support independent living and facilitate social inclusion for older people and adults with disabilities.
- 1.3 The model offers a real alternative for older people and adults with disabilities who may be struggling to remain living independently in their own homes. It also offers an alternative option for people placed in inappropriate or high cost residential care, who - given the right support and the right environment - would be able to live more independently.
- 1.4 Reardon Court is the site of a former in-house residential care home. It is a Council owned site that is well placed to accommodate an extra care housing service, with good transport and community links. It is located in Winchmore Hill, an area of the borough in which the Council supports a high number of older people with adult social care needs and sits adjacent to green space to encourage healthy active ageing.
- 1.5 To maximise the long-term value of this Council owned asset and secure future provision of affordable Extra Care Housing in the borough it is recommended that the Council maintains ownership of this site and instructs demolition, design, development and delivery services to provide Extra Care Housing provision at Reardon Court.
- 1.6 See Part 2.

1.7 There are options to be considered in respect of funding a Council led development of this site. This includes Council borrowing and potential opportunities to secure in excess of £4,000,000 capital contributions from the GLA (circa £60,000 per home for rented accommodation).

1.8 A high level financial analysis undertaken by Ernst & Young indicates that a Council led development is financially viable over the life of the Project.

1.9 The development of Extra Care Housing on the Reardon Court site will enable the Council to

- increase the long-term security of extra care housing supply, helping to ensure that future costs can be managed, and statutory care requirements can be met
- optimise the use of (and investment in) a local authority asset
- create an opportunity for future income generation to support reinvestment in front line services

1.10 The strategic development of this site will also support cost avoidance through:

- the reduction of high cost residential placements or community packages
- the reduction of costs associated with of hospital discharge delays
- a reduction in costs relating to carer breakdown
- a reduction in costs relating to the adaptation of inaccessible properties not suited to the mobility needs of some people with disabilities
- a potential reduction in temporary accommodation costs, realised through the increase in local housing supply, and in some instances, release of Council and Housing Association properties
- a potential reduction in levels of social isolation and loneliness, and costs associated with this
- a reduction in falls, injuries and subsequent hospitalisation caused by housing design that does not suit the needs of older people and adults with disabilities.
- a potential reduction in care package costs for older people with dementia, who require 24-hour support in a community setting

1.11 The development of Extra Care Housing on the Reardon Court site is consistent with local and national drivers for improvement and change including the Care Act 2014. Strategic development in this area will help secure the availability of high quality, affordable and accessible Extra Care Housing provision. It will help ensure that:

- people have access to services that prevent their support and care needs escalating, or delay the impact of their needs;
- people are supported to maximise their independence and feel in control of the support and care that they receive;
- people have a choice of a range of providers offering high quality, safe and appropriate services from a vibrant and diverse marketplace.

## **2. RECOMMENDATIONS**

2.1 It is recommended that Cabinet Members:

- note the content of this report;
- approve removal of the Reardon Court Site from the Council's current disposal list
- approve a Council led demolition, design and redevelopment of the Reardon Court site for the provision of modern, accessible, self-contained Extra Care Housing provision
- approve the appointment of design expertise to develop architectural plans and support an application to the Local Planning Authority
- grant permission for officers to tender for a building contractor to develop the scheme
- approve indicative borrowing requirements for development capital, subject to securing a capital contribution from the Greater London Authority (GLA)
- delegate to the Executive Director Place, in consultation with Adult Social Care, Legal and Procurement Services, the appointment of a design team
- receive a further report to:
  - appoint a building contractor to develop the scheme
  - tender and appoint a provider of support and care services (as required)
- See Part 2.

## **3. BACKGROUND & CONTEXT**

### **3.1 A Changing Demographic**

3.1.1 The demographic of Enfield is changing. The number people in Enfield over 65 years of age is forecast to increase by 23% over 10 years – from 42,400 in 2015 to 52,500 in 2025. This increase is slightly above the overall percentage increase of England (21%) and poses a significant local challenge in terms of developing services to meet future demand. This includes demand for quality, accessible and care focussed housing in later life.

3.1.2 People are living longer but this does not always come with good health. The number of people with complex needs is increasing and the number of older people (65+) managing health conditions, including long term conditions that limit quality of life is also on the rise. In Enfield in 2015 it was projected that:

- over 2,000 older people had a long standing health condition caused by heart attack (rising to 2,579 by 2025)
- over 950 older people had a long standing health condition caused by a stroke (rising to 1,230 in 2025)

- 895 older people were admitted to hospital as a result of a fall (rising to 1,147 in 2025)

3.1.3 Dementia is also on the rise. In Enfield the total population aged 65 and over predicted to have dementia is forecast to increase from 3,034 in 2015 to 4,022 in 2025.

3.1.4 The number of older people living in Enfield providing unpaid care or unable to manage self-care activities is increasing. In 2015 it was projected that:

- over 5,500 older people provided unpaid care (rising to nearly 7,000 by 2025)
- nearly 17,400 older people were unable to manage at least one domestic task (rising to over 22,000 in 2025)
- over 14,200 older people were unable to manage at least one self care activity (rising to over 18,000 in 2025)

## **3.2 Understanding Who We Support**

3.2.1 To accompany borough wide population projections and better understand potential demand for Housing with Care services going forward, information in respect of who the Council currently supports can be considered. This information can help build a view on the local preventative value of Housing with Care, and the role it may play in minimising the escalation of need and the requirement of residential care environments.

3.2.2 In 2015/2016, 2694 older people received a long term Adult Social Care funded service. Cockfosters, Chase, Edmonton Green and Winchmore Hill are amongst the wards with the highest number of people receiving an Adult Social Care funded services.

3.2.3 The number of people receiving care in their own home is rising year on year. There are currently over 500 older people aged 60+ years in receipt of intensive home care services funded by the local authority. Of these, 237 people own or part own their property, 97 reside in Council or Housing Association accommodation and 57 live in sheltered accommodation. The average package cost is over £300 per person per week.

3.2.4 Residential care placements are also on the increase. In 2015 it was projected that there were over 1,300 older people living in a residential care home (with or without nursing care) and this number is projected to rise to 1,780 in 2025. Placements of older people into long term residential care, funded by ASC are rising year on year, from 116 new admissions in 2014/2015 to 263 new admissions in 2017/2018.

3.2.5 Consistent with this increase, placements of older people with physical frailty into residential care are rising year on year, from 17 placements

in 2012/2013 to over 30 in 2015/2016. The average cost for new placements is over £650 per week.

### **3.3 Extra Care Housing – An Alternative Option**

- 3.3.1 Extra Care Housing (ECH) provides purpose built, accessible, self-contained accommodation plus communal facilities, to support independent living and facilitate social inclusion for older people and adults with disabilities. Round the clock on site support offers a flexible model of care that respects the dignity and privacy of individuals living in their own homes. It also offers opportunities for support and care to be delivered more efficiently, maximising the benefits of 'shared care' and assistive technology and helping to prevent hospital admissions and escalating care packages triggered by falls due to inaccessible environments.
- 3.3.2 The model offers a real alternative for older people and adults with disabilities who may be struggling to remain living independently in their own homes. It also offers an alternative option for people placed in inappropriate or high cost residential care placements, who - given the right support and the right environment - would be able to live more independently.

### **3.4 Understanding Current Supply**

- 3.4.1 Enfield accommodates retirement housing, extra care housing (ECH) and residential/nursing care provision across the private and social rent sector.
- 3.4.2 Enfield Council's Sheltered Accommodation stock constitutes a significant proportion of age exclusive accommodation for older people living in the borough. The Council provides over 82 units of Sheltered Accommodation for social rent in Enfield, offering a mix of studio, 1-bedroom and 2-bedroom homes.
- 3.4.3 A further 1,474 units of specialist accommodation for older people are provided by registered social landlords and private sector providers in the borough (Source Elderly Accommodation Council October 2015). Tenure type varies – 631 of these homes are Leasehold properties available for purchase and 656 of these homes are for social rent.
- 3.4.4 There are currently 4 Extra Care Housing services in the borough, providing a total of 187 units of extra care accommodation for older people with support and care needs living in Enfield. Of these 187 units, 93 units (Alcazar Court, Skinners Court) provide accommodation for social rent, directly commissioned by Enfield Council Adult Social Care (ASC) services. The remaining units provide leasehold and market rent accommodation, for people with care and support needs wishing to purchase an Extra Care home of their own.

- 3.4.5 The closure of Reardon Court as a former residential care home with extra care facilities has led to the reduction of ECH (by 28 units) available in the borough for older people with 24 hour on site support and care needs.
- 3.4.6 There are 99 residential and nursing care homes located in the borough that are registered with the Care Quality Commission, providing a total bed capacity of 2016. In respect of service type, 14 care homes, offering a total of 745 beds are registered as providing nursing care.
- 3.4.7 *Appendix A* maps local supply of Sheltered & Extra Care Housing provision in the borough in addition to residential and nursing care provision across the sector.

### **3.5 Projecting Future Supply Requirements**

- 3.5.1 Although Enfield hosts a reasonably diverse provider market, future development that improves accessibility and environment in line with HAPPI design principles will help the borough keep pace with the changing aspirations of our ageing population.
- 3.5.2 Regional and national tools are available to help predict future demand for specialist accommodation in later life. The Housing LIN Strategic Housing for Older People Analysis Tool for predicting borough demand for extra care housing highlights an undersupply of over 400 homes.<sup>1</sup>
- 3.5.3 Local data on waiting lists for ASC funded extra care housing is consistent with the requirement for more accommodation of this nature, with an average of 4-5 people each month presenting as requiring specialist extra care provision. Both the Council's directly commissioned schemes currently operate to capacity.
- 3.5.4 Additional extra care homes would create local opportunity to avoid inappropriate residential and nursing care admissions. Over 2017/2018 263 older people were admitted to adult social care funded residential care. Research undertaken by East Sussex Council (as cited in the recent ADASS New Dialogue Paper in April 2018) indicates that 64% of residents living in extra care provision would otherwise have been placed in residential or nursing care services.<sup>2</sup>
- 3.5.5 Supplementary Planning Guidance (Housing) references a pan-London requirement for approximately 3900 new specialist homes (sheltered and extra care housing) per year.

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<http://www.housinglin.org.uk/Topics/browse/HousingExtraCare/ExtraCareStrategy/SHOP/SHOPAT/Dashboard/?logonSuccess=1>

<sup>2</sup> [https://www.housinglin.org.uk/\\_assets/Resources/Housing/OtherOrganisation/A-Better-Offer-for-Older-People-Making-Extra-Care-Housing-work-for-your-community.pdf](https://www.housinglin.org.uk/_assets/Resources/Housing/OtherOrganisation/A-Better-Offer-for-Older-People-Making-Extra-Care-Housing-work-for-your-community.pdf)

## **4. RECOMMENDATION**

### **4.1 Reardon Court: An Opportunity for Growth**

4.1.1 Reardon Court (Cosgrove Close, Winchmore Hill, London) is the site of a former in-house residential care home. It is a Council owned site that is well placed to accommodate an extra care housing service, with good transport and community links. It is located in Winchmore Hill, an area of the borough in which the Council supports a high number of older people with adult social care needs and sits adjacent to green space to encourage healthy active ageing.

4.1.2 To maximise the long-term value of this Council owned asset and extend the borough's affordable rent Extra Care Housing offer it is recommended that:

- the Council maintains ownership of this site and
- the Council instructs demolition, design, development and delivery services to provide modern, flexible and accessible Extra Care Housing provision at Reardon Court

4.1.3 See Part 2.

4.1.4 See Part 2.

### **4.2 Financial Viability of Development**

See Part 2.

### **4.3 Project Links**

4.3.1 The development of Extra Care Housing on the Reardon Court site will contribute to the overarching strategic development of Housing with Care in the borough.

### **4.4 Timescales & Governance**

4.4.1 On the basis that approval is given to proceed in line with recommendations of this report, it is estimated that the Reardon Court site could be demolished, designed, developed and delivered over a 2½ year period.

4.4.2 A Reardon Court Project Board shall be established to include key representatives from Property, Legal, Finance and Adult Social Care Services to oversee the project. A Service User & Carer Reference Group shall be established to help ensure a user driven development.

## **5. ALTERNATIVE OPTIONS CONSIDERED**

### **5.1 Do Nothing**

...

- 5.1.1 A 'do nothing' does not realise potential financial, strategic or community/public value benefits as detailed in 6.1-6.3 of this report.
- 5.1.2 Given rising demand pressures and the projected undersupply of Housing with Care options locally, adopting a 'do nothing' approach will do little to address supply requirements. Pressure on local supply is likely to increase the number of avoidable residential care placements made. It may also lead to an increase in levels of delayed discharge, which currently costs the Council £155 per night per patient.
- 5.1.3 A 'do nothing' approach would limit the availability and therefore *choice* of Housing with Care options for older people in the borough. While a natural market response to demand pressure is possible in the private sector, this trend is less likely in the affordable housing sector due to the affordability and availability of sites for development.
- 5.1.4 A 'do nothing' approach fails to address market facilitation duties as set out in the Care Act 2014. This statutory guidance requires the Council to ensure that there is sufficient and affordable supply of care services locally for users and carers.
- 5.1.5 A 'do nothing' approach incurs costs to the Council in respect of maintaining and securing a vacant site.
- 5.1.6 A 'do nothing' approach fails to maximise use and value of a Council resource, when the availability of affordable sites of necessary scale to delivery Extra Care Housing are limited.

## **5.2 Site Sale for the development of 100% Affordable Housing**

- 5.2.1 Sale of this site for the development of 100% Affordable Housing (to include consideration of sale to Red Lion Homes or Housing Gateway) would generate a capital receipt for the Council.
- 5.2.2 See Part 2.
- 5.2.3 Site sale for Affordable Housing secures the site and utilises Reardon Court for delivery of the Council's strategic requirements. Whilst an attractive immediate option in respect of capital receipt to be acquired, development for non specialist affordable housing on this site fails to respond to demand pressures in the Adult Social Care sector. This option does not contribute to the financial, strategic or community/public value benefits of developing Extra Care Housing in the borough, as detailed in 6.1-.6.3 of this report.
- 5.2.4 A site sale approach for Affordable Housing results in the loss of this site for care use and fails to optimise existing site planning permissions as a site for delivery of care services. Alternative site options for the



development of affordable Extra Care Housing provision to meet escalating need are limited.

### **5.3 Open Market Site Sale to the Highest Bidder**

5.3.1 See Part 2.

5.3.2 Whilst attracting a substantial capital receipt, the long term strategic, community/public value and financial benefits of maintaining this site as an Extra Care scheme (See 6.1-6.3), or indeed Council use, would be lost. The residual value of the site would be lost upon sale, as would the opportunity to attract external development funding to increase the value of this asset.

5.3.3 The loss of this site as a Council resource would reduce local development options for affordable rent Extra Care Housing in the borough. Previous feedback from the Extra Care Housing Market has indicated that affordable site options of the scale required to deliver this housing model are increasingly difficult to secure. Subsidisation is often required by way of site contribution to enable the delivery of services at an affordable rent level.

### **5.4 Site Disposal for Development of Extra Care (Freehold)**

5.4.1 Site disposal for the development of Extra Care Housing (Freehold) would generate a capital contribution for the site.

5.4.2 See Part 2.

5.4.3 This option reduces the Council's financial liability in respect of demolition, development and management of the asset. Development is undertaken by the Extra Care housing provider and there is no requirement for the Council borrowing for development. Disposal within Property Procurement Rules (PPR) means that disposal can be undertaken relatively quickly compared to Corporate Procurement Rules (CPR) route, however ability to specify future service would be limited.

5.4.4 Whilst this option is preferable to 5.1-5.3 in terms of ring fenced strategic use of the site as Extra Care Housing, the Council's long term influence over site use is minimal. The Council will not be in a position to guarantee the long- term use of site as affordable Extra Care Housing, at a time when need for such resource is rising.

5.4.5 Proceeding with this option is also likely to limit local authority influence over quality and cost of support and care provided. Within an increasingly pressurised market, RSLs providing specialist housing have indicated a wish to provide both housing management and support/care functions within a service that they have invested in. This

can make changing care and support provision to maximise value difficult.

- 5.4.6 The residual value of the site would be lost upon sale, as would the opportunity to attract external development funding to increase the value of this asset.

## **5.5 Site Disposal for Development for Extra Care (Under Lease)**

- 5.5.1 Whilst the long term lease of the site would be deemed as a disposal, a lease agreement would increase the level of influence over development and long term use of the site, helping to maintain site for use as housing for older people in perpetuity.

- 5.5.2 See Part 2.

- 5.5.3 Extra Care Housing provider preferences for delivering housing management *and* support/care functions within a given scheme (as set out in 5.4.5) are also likely to remain limiting influence over the cost of care.

## **5.6 Site Sale with Specification for Future Service**

- 5.6.1 The option to sell site with specification for future Extra Care Housing Service enables site sale based on thorough examination of organisational capacity and expertise in the development and delivery of ECH,

- 5.6.2 This approach will provide a greater opportunity to select a good quality organisation to extend Enfield's Extra Care Housing offer, in alignment with strategic requirements and greater opportunity to influence model and cost of provision, to including the separate contracting of support and care in early phases. However, the long term limitations in respect of securing site for extra care housing use and influencing service cost remain upon contract expiry. Market interest in the purchase of a site for Extra Care Housing without the ability to provide support/care functions is limited.

- 5.6.3 See Part 2.

## **6. REASONS FOR RECOMMENDATIONS**

### **6.1 Financial Reasons for Recommendation**

- 6.1.1 Leading the development of an Extra Care Housing service on a site owned by the local authority will increase the long-term security of supply, helping to ensure that future costs can be managed, and statutory care requirements can be met.

- 6.1.2 The development of an existing Council site for this purpose would optimise the use of a local authority asset whilst opening opportunity for future income generation. On the assumption that circa £60,000 per unit development funding from the GLA could be secured there is potential to draw in capital funding in excess of £4,000,000 for this development.
- 6.1.3 See Part 2.
- 6.1.4 An external analysis of Financial Viability undertaken by EY, indicates potential for this development to create a long term cash surplus. Surplus monies created through this development may be reinvested into frontline services, including the strategic development of specialist housing supply to meet the escalating housing care and support needs of local people.
- 6.1.5 The development of Extra Care Housing on the Reardon Court site will support cost avoidance for Adult Social Care in respect of funding care and support. Local evidence indicates that the average cost to Adult Social Care of supporting an individual in Extra Care Housing is less than high cost residential placements or community packages. The current cost of supporting an individual within one of the Council's directly commissioned extra care services is £178.51 per week. The average cost to adult social care of an intensive package within this setting is £304 per week (£264 average net cost per week). The average weekly cost of a residential care placement for older people with physical frailty is £670 per week (£420 average net cost per week). On this basis the development of extra care housing on the Reardon Court site holds potential to support cost avoidance in excess of £500,000 per annum.
- 6.1.5 Longitudinal research undertaken by Aston University in association with the Extra Care Charitable Trust is also helpful in quantifying the potential cross cutting impact of Extra Care Housing. In a recent study, 162 new extra care housing residents were compared against control participants on measures of health, well-being, cognitive ability and mobility following 18 months living in an extra care housing environment. The research documented:
- significant savings in NHS budgets (38% cost reduction over 12 month period)
  - a reduction in the length of unplanned hospital stays
  - a reduction in GP visits
  - significant cost savings on Adult Social Care (lower level care 17.8% less, higher level social care 26% less)
  - reductions in depressive symptoms
- 6.1.6 Additional cross departmental efficiencies linked with the development of Extra Care Housing on the Reardon Court site may also be realised through:

- the reduction of hospital discharge delays and cost associated with delayed discharge;
- a reduction in costs relating to carer breakdown – by providing a supportive environment whereby partners can remain living together;
- a reduction in costs relating to the adaptation of inaccessible properties that are not suited to the often complex needs of older people with care and support needs;
- a potential reduction in temporary accommodation costs, realised through the increase in local housing supply, and in some instances, release of Council and Housing Association properties.
- a potential reduction in levels of social isolation and loneliness, and costs associated with this, given the identified links between loneliness and mental/physical ill health<sup>3</sup>.
- a reduction in falls, injuries and subsequent hospitalisation caused by housing design that does not suit the needs of people with disabilities.
- a potential reduction in care package costs for people with dementia, who require 24-hour support in a community setting due to risk factors of living alone, but have minimal support and care needs.

## 6.2 Strategic

6.2.1 The development of Extra Care Housing on the Reardon Court site is consistent with national drivers for improvement and change set out in the Care Act 2014. Strategic development in this area will contribute to the delivery of a local housing with care market that helps to ensure:

- people receive services that prevent their support and care needs escalating, or delay the impact of their needs;
- the emotional physical and mental wellbeing of people in need of care and support, and their carer is maximised;
- people are supported to maximise their independence and feel in control of the support and care that they receive;
- people experience an integrated approach to the planning and delivery of support and care;
- people have a choice of a range of providers offering high quality, safe and appropriate services from a vibrant and diverse marketplace;
- people feel able to maintain the social and support networks that are important to them

6.2.2 Locally, the development of Extra Care Housing on the Reardon Court site is consistent with priorities set out in Enfield's Housing Strategy

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(2012-2027) and Enfield's Joint Health and Wellbeing Strategy (2014-2019), specifically priority 5 – enabling people to be safe, independent and well and delivering high quality health and social care services.

6.2.3 Development of Extra Care Housing provision in the borough is aligned with Adult Social Care Commissioning Priorities, as set out in Enfield's Adult Social Care Market Statement.

### 6.3 Community & Public Value Benefits

6.3.1 Community and Public Value Benefits include opportunities to

- raise the profile of high quality housing with care options in Enfield, to support a positive understanding of what high quality housing with care can offer
- improve building quality within the Housing with Care sector, to better meet the changing aspirations of older people with support needs

## 7. **COMMENTS OF THE EXECUTIVE DIRECTOR OF RESOURCES AND OTHER DEPARTMENTS**

### 7.1 **Financial Implications**

See Part 2.

### 7.2 **Legal Implications**

7.2.1 Development of the nature discussed in the report will require planning permission pursuant to section 57 of the Town and Country Planning Act 1990

7.2.2 The Localism Act 2011 (brought the general power of competence into force for principal local authorities. The general power of competence is set out in s. 1.1 of the Localism Act 2011 and states that “a local authority has power to do anything that individuals generally may do. “ Ss (2) states that “Subsection (1) applies to things that an individual may do even though they are in nature, extent or otherwise— (a) unlike anything the authority may do apart from subsection (1), or (b) unlike anything that other public bodies may do.” Where the authority can do something under the power, the starting point is that there are to be no limits as to how the power can be exercised. For example, the power does not need to be exercised for the benefit of any particular place or group, and can be exercised anywhere and in any way. Section 2 sets out the boundaries of the general power, requiring local authorities to act in accordance with statutory limitations or restrictions.

7.2.3 The Care Act 2014 places a duty on local authorities to promote diversity and quality in the provision of services in its area. Local authorities must ensure there are sufficient services available for

meeting the needs of adults in their area with care and support needs. The proposals to redevelop the site as outlined in this report are within the local authority's general responsibilities pursuant to the Care Act 2014.

### **7.3 Property Implications**

- 7.3.1 The site has been vacant since late 2015, and currently the Council are incurring significant security, maintenance and running costs for the asset; whilst a decision is being determined for the long-term use.
- 7.3.2 In 2016 Cabinet approved the recommendation that this asset was surplus to requirements and could therefore generate a valuable capital receipt for the Council if sold on the open market. Subject to the current proposal being approved, Reardon Court will not generate a capital receipt and therefore should be removed from the list of Cabinet approved sales and an adjustment made to the capital receipts target.
- 7.3.3 There is also a risk that the GLA funding for extra care housing units will not be forthcoming and this will potentially affect the viability of the direct development build route.

## **8. KEY RISKS**

8.1-8.3 See Part 2.

- 8.4 Planning permission for the development of a site has yet to be secured, and the outcome of any planning application submitted cannot be guaranteed. Early consultation with the Local Planning Authority to include pre- planning advice (by way of a pre- planning application) shall be sought to help mitigate this risk.
- 8.5 Subject to Cabinet approval of development on this site, a Project Risk Register shall be maintained and owned by the Project Board (4.42)

## **9 IMPACT ON COUNCIL PRIORITIES**

### **9.4 Fairness for All**

It is considered that the recommendation of this report contributes the above-mentioned Council priority, by extending high quality, affordable and accessible housing with care options for older people living in the borough.

### **9.5 Growth and Sustainability**

It is considered that the recommendation of this report contributes the abovementioned Council priority, by contributing to housing growth and employment opportunities to the borough.

## **9.6 Strong Communities**

It is considered that the recommendation of this report contributes the above-mentioned Council priority, through the development of a housing model that supports social inclusion and active citizenship amongst older residents of the borough. The development of Reardon Court as an Extra Care Housing Scheme will help meet the escalating needs of older people and adults with long term conditions, including those with physical disabilities and dementia, delivering a housing option that values the safety, security, health and care needs of the older community.

## **10 EQUALITIES IMPACT IMPLICATIONS**

A Predictive Equalities Impact Assessment has been completed for update and review pending approval to proceed with this development. The proposed development is predicted to have a positive impact on disability and age groups, and a positive socio-economic impact on disadvantaged community groups, including people in poor health and people in social housing, through the extension of affordable Housing with Care options in the borough.

## **11 PERFORMANCE MANAGEMENT IMPLICATIONS**

The need for appropriate performance measures will be reviewed and implemented as required, aligned with any contractual agreements that may arise from this recommendation.

## **12 HEALTH AND SAFETY IMPLICATIONS**

Health & Safety measures shall be implemented as required and appropriate to ensure that development on this site adheres to all necessary measures for correct planning implementation for safety. All construction and building work projects have to be managed under the various parts of CDM regulations.

## **13 PUBLIC HEALTH IMPLICATIONS**

There is a growing demand for care within Enfield that is at least partly driven by unhealthy lifestyles as evidenced by a high prevalence of obesity in the borough. This presents two challenges; how to improve lifestyles across the borough to reduce morbidity and how to care for that population that has become dependent and / or frail. Population projections imply that further caring capacity in the borough is needed. The proposals here will contribute to meeting this demand.

## **Background Papers**

None.

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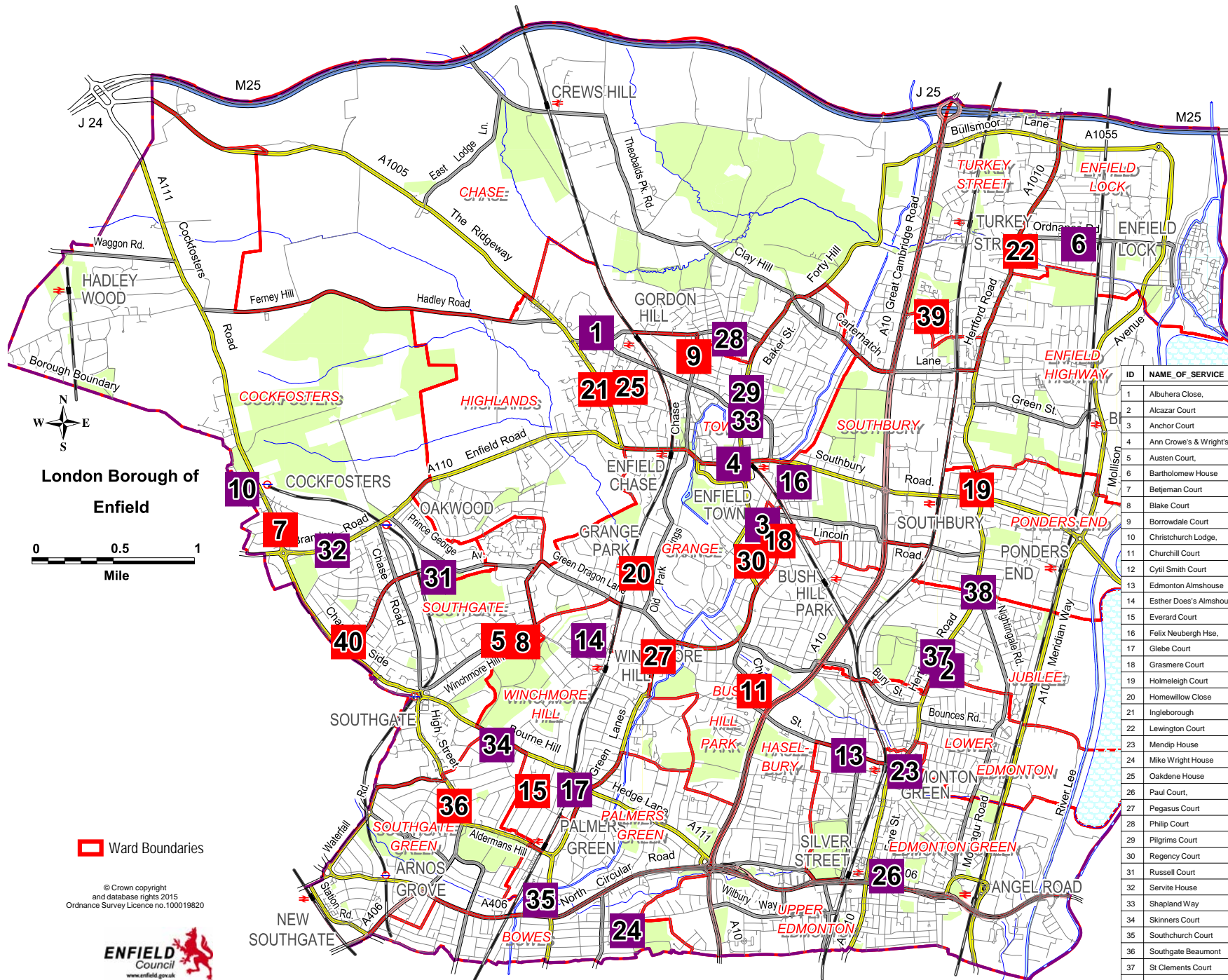
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**Sheltered and Extra Care  
 Accommodation  
 RSL and Private Sector Provision**

- Leashold
- Social Rent

ID	NAME OF SERVICE	PROVIDER	CAPACI <sup>1</sup>	TYPE
1	Albuhera Close,	Housing 21	46	Sheltered/Retireme
2	Alcazar Court	Circle Anglia	45	Extra Care
3	Anchor Court	Anchor Trust	30	Sheltered/Retireme
4	Ann Crowe's & Wright's Almshous	Ann Crowe's & Wright's Almshous	10	Age Exclusive
5	Austen Court,	First Port	40	Sheltered/Retireme
6	Bartholmew House	Christian Action Housing Associat	15	Sheltered/Retireme
7	Bejeman Court	Ian Gibbs Managing Agents	38	Sheltered/Retireme
8	Blake Court	Retirement Security Ltd	73	Extra Care
9	Borrowdale Court	Orbit Housing Association	38	Sheltered/Retireme
10	Christchurch Lodge,	Riverside	34	Sheltered/Retireme
11	Churchill Court	Ian Gibbs Managing Agents	66	Sheltered/Retireme
12	Cytil Smith Court	Christian Action Housing Associat	20	Sheltered/Retireme
13	Edmonton Almshouse	Edmonton United Charities	10	Age Exclusive
14	Esther Does's Almshouses	Esther Doe's Almshouse Charity	12	Age Exclusive
15	Everard Court	Home Group Ltd	32	Sheltered/Retireme
16	Felix Neubergh Hse,	Anchor Trust	37	Sheltered/Retireme
17	Glebe Court	Christian Action Housing Associat	28	Sheltered/Retireme
18	Gasmere Court	Anchor Trust	21	Sheltered/Retireme
19	Holmeleigh Court	Orbit Housing Association	32	Sheltered/Retireme
20	Homewillow Close	First Port	55	Sheltered/Retireme
21	Ingleborough	Anchor Trust	86	Sheltered/Retireme
22	Lewington Court	First Port	41	Sheltered/Retireme
23	Mendip House	Metropolitan	184	Sheltered/Retireme
24	Mike Wright House	Viridian	21	Age Exclusive
25	Oakdene House	Christian Action Housing Associat	28	Sheltered/Retireme
26	Paul Court,	Christian Action Housing Associat	19	Sheltered/Retireme
27	Pegasus Court	First Port	26	Sheltered/Retireme
28	Philip Court	Christian Action Housing Associat	14	Sheltered/Retireme
29	Pilgrims Court	Anchor Trust	43	Sheltered/Retireme
30	Regency Court	Orbit Housing Association	44	Sheltered/Retireme
31	Russell Court	Riverside	15	Sheltered/Retireme
32	Servite House	Viridian	33	Sheltered/Retireme
33	Shapland Way	Habinteg Housing Association	5	Sheltered/Retireme
34	Skinners Court	Hanover Housing/Skinners Compa	48	Extra Care
35	Southchurch Court	Christian Action Housing Associat	32	Sheltered/Retireme
36	Southgate Beaumont	Barchester Healthcare	21	Extra Care
37	St Clements Court	Anchor Trust	36	Sheltered/Retireme
38	Summerfield Court,	Anchor Trust	12	Age Exclusive
39	Westwood Court	First Port	31	Sheltered/Retireme



London Borough of  
**Enfield**

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 Mile

Ward Boundaries

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**MUNICIPAL YEAR 2018/2019 REPORT NO. 33****MEETING TITLE AND DATE:**Cabinet 25<sup>th</sup> July 2018**REPORT OF:**Executive Director – Place  
Director – Law & Governance

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E mail: [peter.george@enfield.gov.uk](mailto:peter.george@enfield.gov.uk)**Agenda – Part: 1****Item: 13****Subject: Meridian Water Programme Update****Wards: Upper Edmonton****Key Decision No: KD 4033****Cabinet Member consulted:  
All Cabinet Members****1. EXECUTIVE SUMMARY**

- 1.1 Following PCPD's withdrawal from the master developer procurement process, the Council has considered its approach to Meridian Water. PCPD's withdrawal followed the Council previously confirming to PCPD that significant concerns remained over their proposed commercial and financial terms specifically following PCPD presenting to the Council's new Cabinet on 26<sup>th</sup> June.
- 1.2 A report by Lambert Smith Hampton has informed the Council's position by analysing the whole scheme in terms of the Council's stated objectives and advising on a qualitative basis the recommended next steps.
- 1.3 This report recommends that the Council no longer intends to work with a single master developer for the entire regeneration area and instead will now procure developer partners for the first development sites.
- 1.4 The results of the report are that the Council should bring forward three sites quickly in order to maintain momentum and bring in early land receipts. These sites should deliver circa 925 new homes and 300,000sqft of employment space attracting up to 900 new jobs.
- 1.5 The LSH report advises that early delivery of these three peripheral sites will not affect the attractiveness nor negatively affect the long term future of the remaining scheme.
- 1.6 In parallel with this work, Lambert Smith Hampton have proposed a number of attractive options for delivery of the rest of the site and advise commissioning a detailed business case to work up details before a firm decision is made.

## **2. RECOMMENDATIONS**

### **PCPD**

- 2.1 To note that PCPD have formally withdrawn from the master developer procurement process
- 2.2 To note the position with PCPD and authorise the Director of Law & Governance to issue a Regulation 55 Discontinuation of Procurement letter.

### **Site 1 and Site 2**

- 2.3 To approve (following the completion of financial modelling) the procurement of developers to deliver Site 1 and, separately, Site 2 of Meridian Water, as described in this report, through a development agreement following a procurement exercise using the new GLA London Development Panel.
- 2.4 To authorise the Executive Director of Place in consultation with the Executive Director of Resources and the Director of Law & Governance to approve the tender documents for Site 1 and Site 2
- 2.5 To authorise the Executive Director of Place in consultation with the Executive Director of Resources to select the short list of bidders who are invited to tender for the Site 1 and the Site 2 opportunities

### **Site 3**

- 2.6 To approve further detailed work on the options for bringing forward Site 3 of Meridian Water, as described in this report.
- 2.7 To authorise the Executive Director of Place in consultation with the Executive Director of Resources and the Director of Law & Governance to approve the approach to delivering Site 3 and to approve the subsequent tender / land sale documents.

### **Rest of Scheme**

- 2.8 To approve the commissioning of a detailed business case for delivery of the remainder of the Meridian Water site as detailed in this report, the results of which will be brought back to Cabinet at the earliest opportunity
- 2.9 To note the Council's plan to review its resourcing requirements for the Meridian Water project and to procure a new professional support team following the end of the Master Developer Procurement process.
- 2.10 To note that the Council's key placemaking principles will be used in forming future plans

### **3. BACKGROUND**

#### **3.1 Master Development Procurement Process**

- 3.1.1 The decision to procure a Master Developer/Consortium to develop the entirety of Meridian Water was approved by Cabinet on the 29th of April 2015.
- 3.1.2 After a lengthy and rigorous selection process, the selection of Barratt as Preferred Bidder was approved by Cabinet on 18th May 2016 with PCPD selected as Reserve Bidder at the same time.
- 3.1.3 Full details of the negotiating history with Barratt as well as the key areas where their final position differed from their bid, and the risks that this would have introduced, are set out in detail in the Cabinet Report of 30 October 2017 (KD 4241). On 30 October 2017 (KD 4241) Cabinet noted that Barratt had formally withdrawn as the preferred bidder for the Meridian Water Regeneration scheme and that negotiations with Barratt to finalise the terms of the MDFA had therefore ended.
- 3.1.4 Cabinet also confirmed the status of PCPD as Preferred Bidder and delegated authority to officers to commence and progress financial and commercial negotiations with PCPD. However, no satisfactory financial agreement could be made with PCPD and PCPD withdrew from the process on 10<sup>th</sup> July 2018. Cabinet are asked to note that negotiations have terminated with PCPD and to authorise the Director of Law & Governance to issue a Regulation 55 Discontinuation of Procurement letter, thus formally ending the Master Developer procurement process.
- 3.1.5 In line with this recommendation, this report explores future plans for Meridian Water.

#### **3.2 Options Analysis report**

- 3.2.1 At the beginning of February, PCPD made an offer to the Council which they stated was their best and final offer. This offer was not acceptable to the Council for a number of reasons and it therefore officers were proposing to recommend termination of the procurement to Cabinet and PCPD were informed of this position. On 8<sup>th</sup> February 2018, the Council therefore asked Lambert Smith Hampton (LSH) to undertake an Options Analysis to inform the future delivery structure of Meridian Water. Its conclusions, alongside officer views, form the basis of this report and the recommendations within. The scope of this report was to provide a qualitative review of the options available to the Council detailing the pros and cons of each.
- 3.2.2 The report is available as an Appendix to the accompanying Part 2 report.
- 3.2.3 The brief which LSH worked to in preparing their report was based on the Council's key principles for Meridian Water, being :

- Highest quality of design and place-making all in accordance with the vision provided by the masterplan contained within the draft ELAAP and the Placebook
- 10,000 new mixed tenure homes
- 3,000 new high quality jobs
- Speed of delivery - the scheme is intended to be delivered over circa 20-25 years
- A return on the Council's financial investment
- A legacy to be proud of after 50 years
- Environmentally sustainable development

3.2.4 The Council's priorities have also been expressed in the report as:

- affordable housing of 35-50% across the whole scheme
- a range of residential tenures
- heating by Energetik
- 3,000 new quality jobs in addition to a further 3,000 jobs created in retail, leisure and other ancillary uses in accordance with the emerging Employment Strategy
- provision of social infrastructure to support the new community
- the Council will need to secure best consideration for its landholdings and will not dispose of assets for less than the acquisition cost. The Council may exceptionally consider a departure from this principle providing that a robust 'Green Book' type assessment can show that social benefits outweigh financial cost
- a delivery structure that enables the Council to have control over design standards in addition to its Town Planning powers
- a delivery structure that enables the Council and residents to benefit from the value growth that flows through the benefits of regeneration
- a structure that does not expose the Council to direct development risk
- a meanwhile use strategy that maximises interim revenue and amenity from future phase land, as well as developing a new sense of place across the development
- ensuring sites are phased to benefit from the planned Crossrail 2
- a successful delivery that enhances the Council's reputation as a facilitator and promoter of strategic development
- the Council wishes to explore the potential for holding revenue-generating assets

3.2.5 In addition to these priorities, the Council also requires that :

- local people are the principle beneficiaries of the scheme in terms of both housing and employment
- the Council own all the retail units across the scheme
- the strong priority is for a mixed use neighbourhood

3.2.6 A masterplan has previously been developed to support the AAP and incorporates these priorities. This is currently being updated and further detail

provided in anticipation of the commencement of the delivery phase of the scheme

### **3.3 Summary of Options**

- 3.3.1 The LSH report indicates that the scheme is viable and provides a number of options for how it may be delivered with a recommendation that a detailed business case is developed to inform the Council's decision on its preferred route.
- 3.3.2 However the report also strongly advises that the Council takes advantage of the fact that there are three sites which are capable of being delivered to the market quickly. LSH recommend that two residential sites on Willoughby Lane (Phase 1) and the Meridian Way (Teardrop) site (Phase 2) are brought to market via an appropriate developer framework and the options for the employment site (Phase 3, adjacent to the North Circular and Harbet Road) are developed in more detail before being brought to the market later in 2018.
- 3.3.3 Since the LSH report was completed, reasons have emerged why it is not practical to develop the Teardrop site at this time. These reasons are detailed in the Part 2 report. Officers are therefore recommending that the Council pursues options for delivering an affordable housing scheme on the Leaside Road Gas Holder site instead of progressing with development of the Teardrop site. This site, therefore, is now being put forward as Phase 2.
- 3.3.4 The LSH report advises that early delivery of these three peripheral sites will not affect the attractiveness nor negatively affect the long term future of the remaining scheme.
- 3.3.5 Site 1 :

Part of the Willoughby Lane site has outline planning consent in place, the site is being remediated and the Council is progressing with the relocation of the Pressure Reduction Station (PRS) alongside Cadent. Furthermore, construction of the new Meridian Water station is already underway due for completion in May 2019 and this is situated immediately adjacent to Willoughby Lane.

This location is therefore a key opportunity for the Council to deliver early land receipts and place-making.

The recommendation is therefore to procure a developer to deliver the whole planning consent split into two stages. The first stage would consist of Blocks B, D and E of the existing planning consent at Willoughby Lane and the second stage would be the remaining Blocks A and C. The trigger to commence stage 2 would be entirely at the Council's discretion with a mechanism pre-agreed for valuing the land within stage 2.

Procurement would be via the GLA London Development Panel (LDP) Framework to secure a developer to deliver in accordance with the current outline consent through a development agreement with the Council.

### 3.3.6 Site 2

The Leaside Road Gas Holder site is an attractive site to develop as the Council owns the land and there are no restrictions on development other than the National Grid overage deed which is well understood.

An outline planning consent for the entire area of the Orbital Business Park and IKEA clear is about to commence, linked with the Council's bid to the Housing Infrastructure Fund as well as laying the foundation for future phase development to come forward. It is therefore proposed that the Leaside Road Gas Holder site is included within this outline planning consent and development of the site is brought forward as Site 2.

A competitive process will be followed to procure a developer, through the GLA's LDP Framework. It is recommended that the site is delivered with workspace on the lower floors and a target to deliver as much affordable housing as is viable.

The development agreement will be conditional on the Council obtaining the outline consent and the Developer subsequently securing reserved matters consent.

### 3.3.7 Site 3

This site will consist of an employment hub alongside the North Circular where Harbet Road meets Argon Road, of around 2-3 acres, creating an ideal opportunity for pre-let or speculative development.

Delivery of an early employment phase would deliver the following benefits:

- possible partial retention of Strategic Industrial Land (SIL)
- early delivery of jobs
- activation of the east bank
- positive impact on rents on the balance of the east bank
- provide a permanent base for meanwhile businesses

The recommendation is to carry out further work on the options to ascertain the likely investment and returns then launch a soft marketing campaign to ascertain the market appetite for a pre-let before deciding on the optimal route.



The location of the sites is shown below :

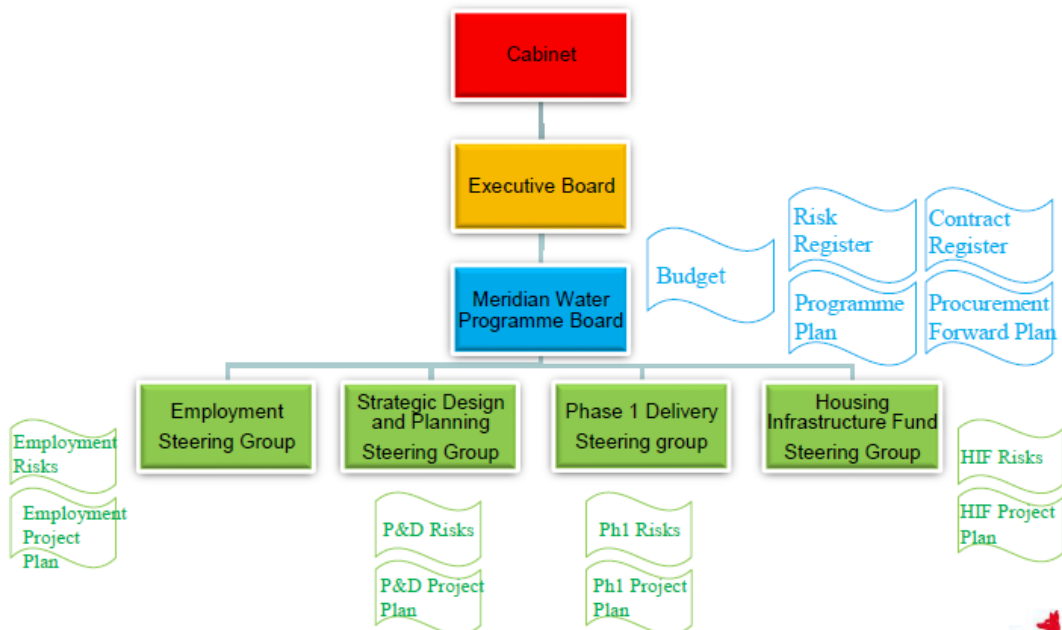


Map showing location of sites

### 3.4 Governance

3.4.1 Please find below a chart showing the governance structure for the project :

#### Meridian Water Governance Chart



## **4. ALTERNATIVE OPTIONS CONSIDERED**

### **4.1 Alternative options to the delivery of Meridian Water**

- 4.2.1 Following the termination of negotiations with PCPD, future options for the delivery of Meridian Water will be reviewed in detail and a further report brought to Cabinet at the appropriate time.
- 4.2.2 Option 1: Do not bring forward the three sites as described above for early delivery but rather include all sites in the future business case.
- 4.2.3 This option would delay the delivery of any homes or outputs from Meridian Water thus impacting the Council's financial position, the momentum already built up on the scheme and the reputation of the scheme in the market.
- 4.2.4 Option 2: Bring forward only one of the recommended sites early and leave the remaining sites within the future business case.
- 4.2.5 As the two residential sites identified are ready to go to market and there is a very strong employment market at the moment, this option would appear to be a lost opportunity for the Council to receive early land receipts and to take advantage of advantageous market conditions.

## **5. REASONS FOR RECOMMENDATIONS**

- 5.1 LSH report that there are significant benefits to be had by bringing forward Phase 1 as part of the Willoughby Lane site at Meridian Water through a development agreement, namely that outline planning permission for 725 homes is already in place, the extent of Council investment into the site to date and its immediate proximity to the new Meridian Water station due to open in May 2019. The route identified is considered to strike the right balance between Council receipts, speed of delivery and quality.
- 5.2 With early development of the Teardrop site no longer being practical, it is considered that an affordable housing scheme on the Leaside Road Gas Holder site provides a suitable alternative Phase 2. This site is owned by the Council, has sufficient access and connectivity for development and would provide early delivery of critical affordable units. There are also parties in the market who have made it known they would be interested in development on this site.
- 5.3 There is an exciting opportunity to bring forward an early employment phase on Meridian Water (Phase 3). Whilst further work is necessary to establish the scope and nature of this opportunity, as described in the LSH report, this

phase is considered to be viable given current market conditions, and will make a significant statement about the Council's ambitions to bring new employment to the area. The details of the preferred route to delivering this opportunity require further investigation as described in this report.

- 5.4 Notwithstanding the immediate opportunities for Phases 1, 2 and 3 as articulated, further detailed work is necessary to appraise options for the future of the remainder of the Meridian Water site. Importantly the LSH report does not consider that bringing forward the early phases identified will prejudice the attractiveness of the remainder of the site to potential partners in the future.

## **6. COMMENTS OF THE EXECUTIVE DIRECTOR OF RESOURCES AND OTHER DEPARTMENTS**

### **6.1 Financial Implications**

The cost of procuring developers for Sites 1, 2 , undertaking further options work for Site 3 and the development of the business case for the rest of the project will be met from within the already approved 2018/19 Capital budget of £49.3M.

Financial due diligence will be undertaken as part of the procurement process to ensure the robustness of submitted business plan proposals included are tested. External specialist financial advisors will be appointed to support the Council with this work, which will include taxation advice. The financial viability of each individual phase will be subject to a detailed financial appraisal by the Council's External Financial Advisor's, signed off by the Executive Director of Resources

### **6.2 Legal Implications**

6.2.1 In accordance with the Public Contracts Regulations the Council has been in negotiation with PCPD in order to confirm its financial and other contractual commitments as part of its final tender. These negotiations have now broken down and PCPD has withdrawn from the procurement. In the event that a decision is made not to award a contract for which there has been a call for competition Regulation 55 of the Public Contracts Regulations 2015 requires the Council to issue a Discontinuance of Procurement letter.

6.2.2 Section 1 of the Localism Act 2011 provides the Council with the power to do anything an individual may do, subject to a number of limitations. This is referred to as the "general power of competence". A local authority may exercise the general power of competence for its own purpose, for a commercial

purpose and/or for the benefit of others. This general power of competence provides sufficient power for the Council to seek a partner to develop Phases 1 and 2 of Meridian Water and to approve the approach to Phase 3 of Meridian Water as described in this report.

- 6.2.3 The public sector equality duty under section 149 of the Equality Act 2010 requires the Council to have due regard to; (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; and (ii) the need to advance equality of opportunity between persons who share a protected characteristic and persons who do not share it. Any equality impact assessment prepared in respect of the Meridian Water regeneration project should be revisited as part of changing nature of the Scheme.
- 6.2.4 Any procurement must be conducted in accordance with the Council's Constitution, including the Contract Procedure Rules, and the Public Contracts regulations 2015. The report proposes that the Council use the GLA London Development Panel (LDP) Framework for the procurement of developers to deliver Phases 1 and 2. The LDP has been procured by the GLA following an EU compliant procurement process and the Council is entitled under the terms of the framework to procure developers for Phases 1 and 2 through a mini competition amongst the framework panel members. For contracts over the EU threshold for goods and services and over £1,000,000 for works, the Procurement and Commissioning Review Board must approve the procurement. The Council's Key Decision procedure must be followed for all contract awards for £250,000 and above.
- 6.2.5 The Council must ensure value for money in accordance with the overriding Best Value Principles under the Local Government Act 1999.
- 6.2.6 All legal agreements arising from the matters in this report, must be in a form approved by the Director of Law and Governance.

### **6.3 Property Implications**

See Part 2 report

## **7. KEY RISKS**

See Part 2 report

## **8. IMPACT ON COUNCIL PRIORITIES**

### **8.1 Fairness for All**

- 8.1.1 Meridian Water will deliver fairness for all by providing homes of different tenures, types and sizes to meet the diverse need of the community. In addition, it will create well managed open spaces

making Meridian Water a key destination and a place where people want to live, work and play.

## **8.2 Growth and Sustainability**

8.2.1 Meridian Water will deliver new homes, jobs and infrastructure: both major new physical and transport infrastructure and social infrastructure including medical facilities, schools, nurseries, community centres, parks and gardens. Clean and green energy will be provided by the Lee Valley Heat Network, which will ensure that the development is environmentally sustainable.

## **8.3 Strong Communities**

8.3.1 The new neighbourhood at Meridian Water will be designed to foster social cohesion through a series of physical and social interventions, such as direct pedestrian, cycle and other connections into existing neighbouring community for example Angel Edmonton; and position new community facility to encourage a mixed use by both existing communities and future new residents. The new Meridian Water station and public realm will in itself serve as a hub where existing and new communities will mingle and interact.

## **9. EQUALITIES IMPACT IMPLICATIONS**

9.1 Equality and diversity considerations will continue to be integrated into the development and delivery work for Meridian Water to make sure they are embedded in the decision-making process and to avoid costly design changes.

## **10. PERFORMANCE MANAGEMENT IMPLICATIONS**

10.1 Delivery of a comprehensive regeneration scheme at Meridian Water is a corporate priority within the Council's Business Plan for 2016-2018. Completion of the Masterplan and the delivery of phased infrastructure improvements including increased rail services, station improvements and new homes will help to meet the strategic priority: "a borough that attracts inward investment and supports sustainable regeneration and growth."

## **11. HEALTH AND SAFETY IMPLICATIONS**

11.1 The Meridian Water Project bringing widespread improvements in transport, accessibility, and comprehensive remediation of contaminated brownfield sites will have positive health and safety benefits for the local community and the future residents, workers and leisure users at Meridian Water.

## **12. PUBLIC HEALTH IMPLICATIONS**

12.1 A regeneration neighbourhood at Meridian Water will have far reaching public health benefits particularly from the promotion and expansion of public transport, namely a more frequent rail service, an expanded bus network and

integrated walk and cycle routes. This together with extensive green space, water fountains and a positive urban environment will continue to well-being at Meridian Water. The development will include all necessary public health and community services from health clinics to nurseries.

**MUNICIPAL YEAR 2018/2019 REPORT NO. 34****MEETING TITLE AND DATE:**

Cabinet 25 July 2018

**REPORT OF:**

Executive Director - Place

Contact officer and telephone number:

Lisa Woo

Strategic Design Manager

E mail: [lisa.woo@enfield.gov.uk](mailto:lisa.woo@enfield.gov.uk)**Agenda – Part: 1****Item: 14****Subject: Housing Infrastructure Fund****Wards: Upper Edmonton****Key Decision No: 4711****Cabinet Member consulted: All Cabinet Members****1. EXECUTIVE SUMMARY**

- 1.1 The delivery of strategic infrastructure is one of the most significant and costly parts of the Meridian Water programme to unlock the development site and to realise its full potential.
- 1.2 In 2017 a rare opportunity has arisen to deliver strategic infrastructure through a central government funding programme called Housing Infrastructure Fund (HIF).
- 1.3 In September 2017 the Greater London Authority (GLA) on behalf of the Council, submitted an Expression of Interest, amounting to £120m to deliver Meridian Water strategic infrastructure. The first stage submission has been successful and the funding bid will be taken forward to the final stage with a fully worked-up business case by September 2018.
- 1.4 This report summarises the scope of works included in the bid and the content of the draft business case to be submitted
- 1.5 It also seeks approval on planning and contractor procurement strategies to ensure that the programme meets the tight delivery timeframe if funding bid should be successful.

## **2. RECOMMENDATIONS**

It is recommended that Cabinet:

- 2.1 approve the scope of the Housing Infrastructure Fund (HIF) bid as set out in section 3.2 and delegate authority to Director of Meridian Water to make such amendments as are deemed necessary following discussions with the Council's advisers, GLA and the government.
- 2.2 approve the planning strategy for HIF delivery works substantially in the form contained in section 3.4 and delegate authority to the Director of Meridian Water to make such amendments as are deemed necessary following discussions with the Council's advisers and the GLA.
- 2.3 delegate to the Director of Meridian Water in consultation with Director of Law and Governance to authorise the contractor procurement procedure for HIF delivery works set out at section 3.5 and delegate authority to award resulting contracts to the Executive Director of Resources and Executive Director of Place.
- 2.4 delegate authority to the Executive Director of Resources and Executive Director of Place to approve the submission of the Housing Infrastructure Fund Business Case to the Ministry for Housing Communities and Local Government for receipt of funding to deliver the HIF delivery works.
- 2.5 delegate authority to the Director of Law and Governance to approve any legal agreements as required by the subject matter of this report.
- 2.6 delegate authority to the Executive Director of Resources to accept the HIF funds from the Ministry for Housing Communities and Local Government should funding be successfully secured and delegate authority to the Head of Legal Services to finalise and complete all associated legal documents.



### 3. BACKGROUND

#### 3.1 Housing Infrastructure Fund

3.1.1 The Council is enabling the delivery of approximately 10,000 new homes over a 20-year period at Meridian Water. The development is located between Edmonton, Tottenham, and Walthamstow and ideally placed to deliver the spatial, sustainable growth, and economic resilience objectives of the London Borough of Enfield as one of the capital's largest regeneration opportunities.



*Figure 1 Meridian Water 20 year vision CGI*

3.1.2 In July 2017 Ministry for Housing Communities and Local Government (MHCLG) and Homes England announced £2.3bn government funding to local authorities on a competitive basis for infrastructure to support up to 100,000 new homes. The Housing Infrastructure Fund (HIF) forms part of the broader £23bn National Productivity Investment Fund announced by Chancellor Philip Hammond in his 2016 Autumn Statement. It was the biggest government investment programme in more than a decade. In February 2018, MHCLG announced the increased funding pot for HIF to £5bn.

3.1.3 Two funding streams were open to bids from local authorities in England: a Marginal Viability Fund to provide broadly-defined infrastructure funding to get additional housing sites allocated or existing sites unblocked, and a Forward Fund for a small number of strategic and high-impact infrastructure projects. Bids could be submitted for up to £10m for Marginal Viability proposals, and for up to £250m for strategic Forward Funding proposals. The Fund is available up to 31 March 2023 and, if the Council's bid is successful, any funding received must be spent by that deadline. This report recommends that the Council submits a bid to the MHCLG for £120m funding for the Forward Fund.

- 3.1.4 Forward Fund bids involve a two-stage process as a significant amount of investment from the government will be required. MHCLG require that all funding bids prepared by London Authorities must be sponsored and submitted by the Greater London Authority (GLA) and the GLA undertake their own assessments prior to supporting bids. The first stage required the submission of an expression of interest by 28 September 2017.
- 3.1.5 On 28 September 2017, the GLA, on behalf of the Council, submitted an expression of interest in respect of a Forward Fund bid for infrastructure amounting to £120m to unlock 6,275 new homes at Meridian Water. The scope included the capital cost of the key strategic infrastructure, such as a Meridian Water rail upgrading works, the delivery of strategic road infrastructure and flood alleviation. The details are set out in section 3.2.
- 3.1.6 On 20th March 2018 the MHCLG confirmed that the GLA/Council had successfully passed the first stage of the Forward Funding bid process and that the Council's bid would be taken forward to the second stage. The second stage required a fully worked up Green Book compliant business case underpinned by detailed technical work.
- 3.1.7 A timetable of HIF application process and provisional dates for delivery are summarised below:

<b>Housing Infrastructure Fund: Milestones</b>	<b>Date</b>
Expression of interest	Sep 2017
Business Case submission to the GLA	July 2018
Business Case submission to MHCLG	Sep 2018
Announcement of successful schemes	Nov 2018
Submission of Planning Application	Dec 2018
On-site Delivery	Autumn 2019 – Spring 2023
Deadline for completion of delivery of infrastructure project	Mar 2023

- 3.1.8 To prepare for the second stage submission underpinned by detailed technical work, in January 2018, Ove Arup, a civil-engineering-led infrastructure design planning consultancy team had been procured (KD4620). The procurement was undertaken using a framework from the GLA/TfL called Architecture Design and Urbanism Panel (ADUP).
- 3.1.9 The scope of the commission included the support to the Council throughout the second stage of bid submission by undertaking detailed technical work to develop a fully worked up business case and to execute essential works such as transport modelling to meet the March 2023 funding deadline in case funding is successfully secured.
- 3.1.10 Arup team is working to an internal deadline to prepare the fully worked up business case to submit to the GLA by end of July for review and then subsequently to submit to MHCLG in September 2018.

3.1.11 The deadline to deliver the works by March 2023 is very tight so officers have developed a proactive strategy to initiate work that is on the critical delivery path now, prior to confirmation from MHCLG of whether or not the bid has been successful. This proactive strategy has been positively received by the GLA.

3.1.12 For example, essential works have commenced, including topographic surveys, flood investigation, transportation modelling and concept designs as to provide technical information in the business case and to ensure to meet the Funding delivery deadline.

3.1.13 Another key workstream that had commenced since April 2018 is the strategic infrastructure contractor soft market engagement. The result of market engagement helped inform a contractor procurement strategy for approval set out in section 3.5.

### 3.2 Scope

3.2.1 The scope for the second stage application for Forward Funding is divided into two key parts set out beneath. Following a positive meeting with government on 12<sup>th</sup> July 2018 the team are currently exploring how the scope below can be increased to provide additional infrastructure to Meridian Water.

First, the delivery of the Central Spine road and flood alleviation works including all the enabling works associated with its delivery and the second, delivery of all works associated to provide new rail infrastructure to deliver additional train capacity between Tottenham Hale and Meridian Water Station. Together, they will increase access to Meridian Water, attract inward investment, increase land values and increase enterprise and employment opportunities in support of the Council’s economic growth and resilience priorities.

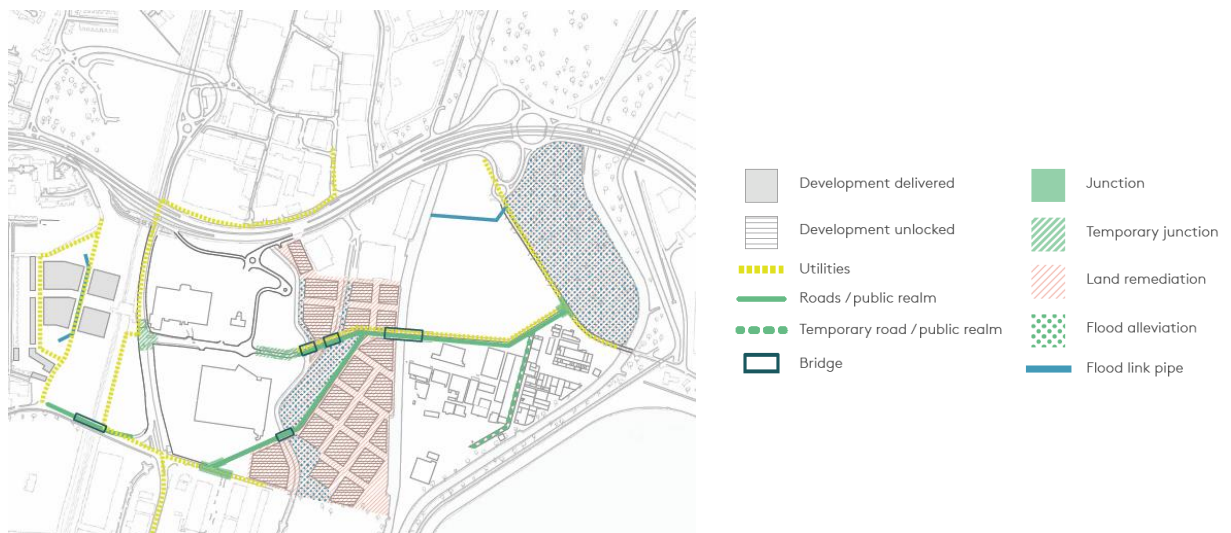


Figure 2HIF Programme – Strategic roads infrastructure and flood alleviation works

3.2.2 These interventions not only physically unlock currently landlocked and inaccessible parcels of land but also increase the Public Transport Accessibility Level (PTAL). This will facilitate the required density of development and is an essential pre-condition to unlock development throughout the site. Furthermore, the strategic infrastructure will significantly increase the value of developable land throughout Meridian Water.

### 3.2.3 The strategic roads and flood alleviation works

The scope includes all the associated enabling works, utility provisions, flood alleviations works to deliver the Central Spine road as well as remediation and earthworks at the central area of the development for early delivery of homes.

3.2.3.1 The total cost estimate is £87.3m, covering the following elements:

- 1) The Central Spine road, a new East-West link comprising of:
  - a. three bridges over Pymmes Brook and Lee Navigation;
  - b. all utility diversions required for delivery and new supplies;
  - c. Energetik pipe works;
  - d. offsite provisions to mitigate traffic subject to strategic transport modelling outcomes.
- 2) Flood alleviation works including:
  - a. naturalisation of the channelized sections of the Pymmes and Salmon Brook;
  - b. provision of a lowered area within the Lea Valley Park to increase flood storage capacity;
  - c. associated works to create overland flow routes to direct flood flows.
- 3) Secondary pedestrian and cycle links and crossings connecting to the Central Spine road and junction improvements including:
  - a. secondary link from Leaside road to East-West route;
  - b. Meridian Way and Leaside road junction improvement;
  - c. new strategic cycle crossing at Leaside road.
- 4) Remediation of central area, the Orbital Business Park site and IKEA clear, for the early delivery of homes

3.2.3.2 The cost breakdown is as follows. Refer to Appendix A for technical information including maps

No.	Item	Cost
1)	Site enabling works	£9,638,840
3)	Flood alleviation and landscaping	£6,260,000
4	Strategic roads, secondary links and cycle infrastructure	£34,145,000
5)	Bridges	£9,225,000
6)	Utilities	£17,055,000
7)	Off site reinforcement	£11,500,000
	<b>Total</b>	<b>£87,823,840</b>

### 3.2.4 Rail enhancement scope

3.2.4.1 The scope of rail includes the cost associated with the enhancement of rail service including an extra track amounting to circa £40m

3.2.4.2 At the refranchise of the Anglia rail route in 2015, the DfT tender specification fell short of the anticipated 4tph and identified a minimum requirement of 2tph on the new 3 track between Stratford and Angel Road (to be replaced with the new Meridian Water Station).

3.2.4.3 Since this time, a work stream has been on going including a wider number of interested stakeholders to review how to achieve the 4tph service. The West Anglia Main Line (WAML) is a very congested route and priority is given to the high revenue (central London to the outer suburban commuter belt) and strategic route of the 15 min interval Stanstead Express.

3.2.4.4 During 2016/17 extensive optioneering work had been undertaken with Network Rail to review how additional capacity could be provided at Meridian Water. After Enfield submitted its EOI in September 2017, Enfield took the lead (as it had with the MW station development) and with the possibility of being able to secure funding, its consultants investigated all options to achieve a minimum 4tph.

3.2.4.5 In collaboration with Network Rail, Greater Anglia (train operator), DfT, TfL, Enfield produced a series of infrastructure options which it then shared with the stakeholders. The options had been through a rigorous evaluation process and resulted in option 2C being selected as the preferred and most beneficial solution.

3.2.4.6 The option 2C HIF infrastructure for rail enhancement scope includes:

- Re-configuring the 3<sup>rd</sup> track between Tottenham Hale (TH) and Meridian Water (MW)

- Construction of a new 4<sup>th</sup> track between TH & MW, including signalling, overhead line (track infrastructure)
- Construction of the 4<sup>th</sup> platform at MW station along with lift and stair access (NB passive provision included within current design)

3.2.4.7 Although option 2C requires more infrastructure than the other options explored, but is the only option to provide a 4-6tph service between TH and MW. The infrastructure outlined above would support a dedicated 4tph shuttle between TH and MW using the 3rd track which is also serving Northumberland Park.

3.2.4.8 The 2tph, through STAR service would then use the new 4th track, but would bypass Northumberland Park as there is insufficient land (space) to build a 4th platform at this stage. In total when the new proposed services are combined with the existing mainline services this gives 6-8 tph to Northumberland Park and 6-8 tph at Meridian Water. It should be noted that as MW is a terminus station on the 3-4 tracks the majority (4-6tph) services do not go any further north than MW.

3.2.4.9 The Councils specialist rail consultants CPMS have prepared a GRIP 1 report (concept) which identifies the infrastructure resolution along with preliminary cost information to support the HIF bid.

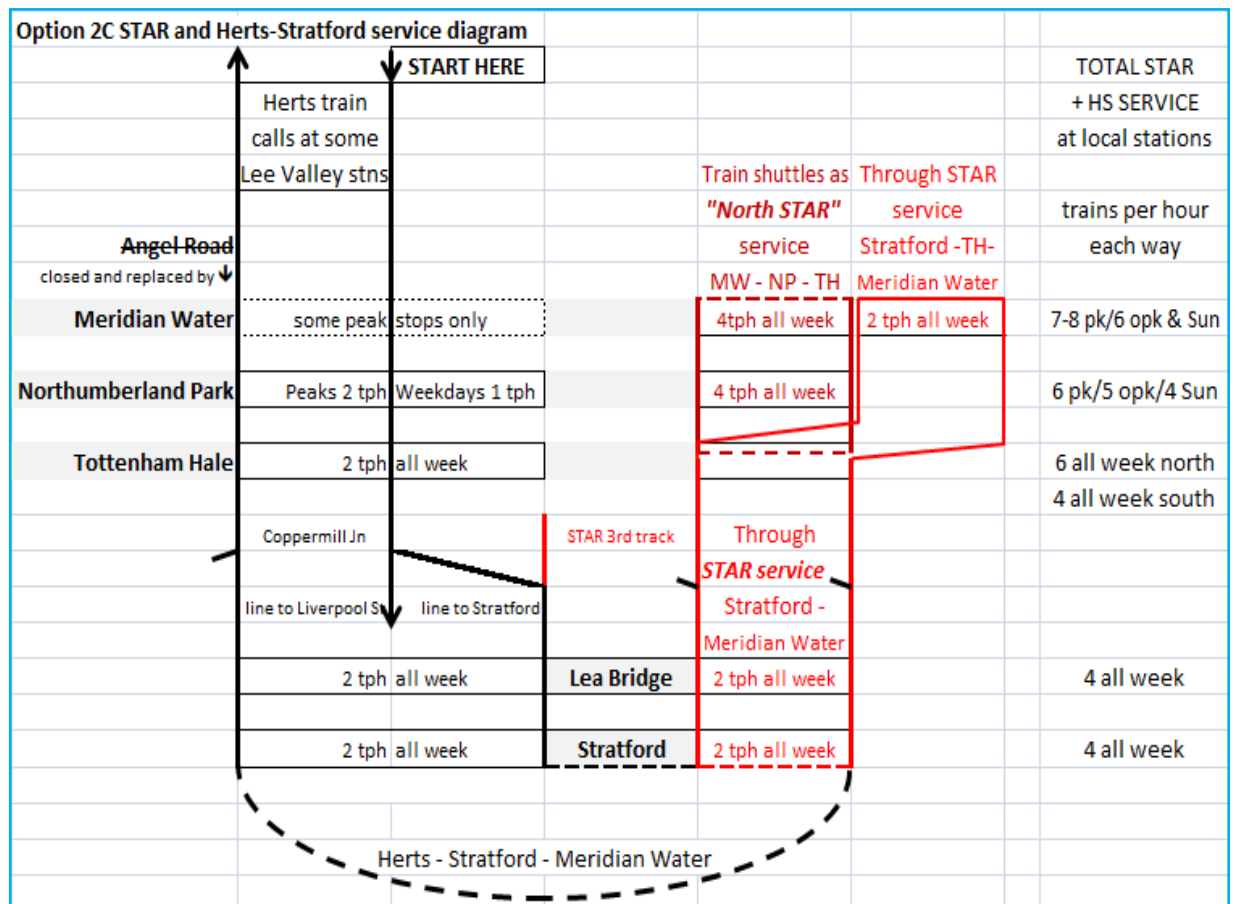


Figure 3HIF Rail Enhancement preferred option

Refer to Appendix B for further technical information on option C

### 3.3 Greenbook Business Case

- 3.3.1 Arup has been appointed as advisor to LBE across a range of policy and discipline areas. Within this overarching commission, Arup is providing specific support to LBE in the development of the detailed business case for the Housing Infrastructure Fund.
- 3.3.2 MHCLG will require a business case following the Five Case HM Treasury Green Book approach.
- 3.3.3 Although GLA is awaiting further guidance from MHCLG on specific requirements for detailed business case there have been a number of productive discussions and more guidance is anticipated imminently.
- 3.3.4 It is assumed that the focus of this is likely to be on housing related outputs and land value uplift as opposed to a typical Department for Transport business case, which would seek to quantify detailed transport benefits.

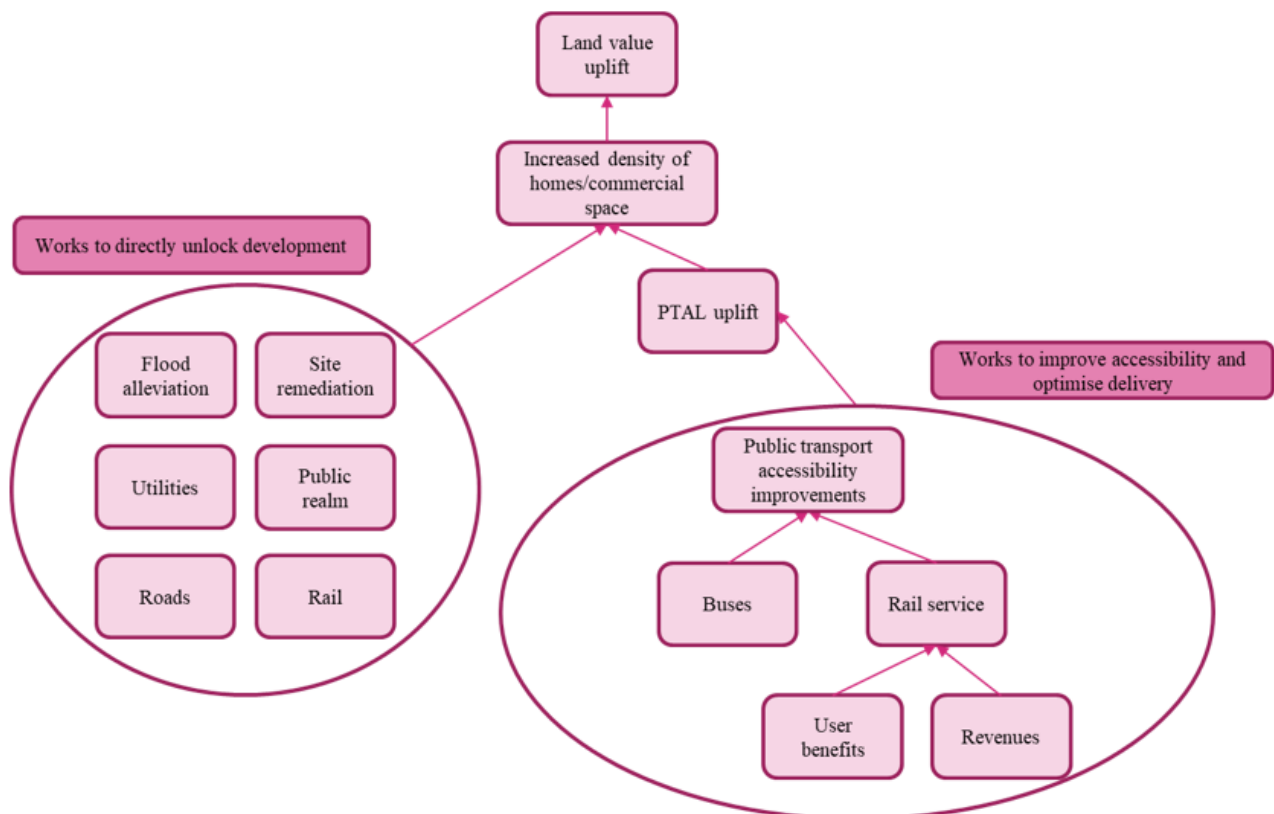


Figure 4 Approach to quantifying land value uplift

The key calculations to be used in the economic appraisal are:

<b>Residual land value</b>	<b>Net present benefits</b>	<b>Net present costs</b>	<b>Net present public value (NPPV)</b>	<b>Benefit cost ratio (BCR)</b>
= Expected gross development value (number of units x average price of unit) – Development costs and profits  <b>Land value uplift</b>  = Residual land value – Current land use value	= Land value uplift + Rail user benefits + Rail revenues + External benefits (e.g. amenity improvements, construction jobs) – External costs (e.g. increased congestion, pollution) + All public sector grants (unless captured in land value uplift)	= Total costs to the public sector – Any revenues to the public sector (e.g. land receipts, rental income)	= Net present benefits – Net present costs	= Net present benefits ÷ Net present costs

For details please refer to HIF business case method paper attached in appendix E.

### 3.4 Planning Strategy

3.4.1 The objective of the planning strategy is to achieve the following key objectives:

- Obtain necessary planning permission to deliver the infrastructure works supported by the ‘Housing Infrastructure Fund’ (HIF);
- Progress planning for the next tranche of residential led mixed use development. This assists demonstration of the direct relationship between HIF works and residential delivery and the overall masterplan delivery programme.
- Safeguard longer term masterplan objectives and delivery.
- Meet other obligations and commitments.

3.4.2 The proposed strategy sets out residential led mixed use development to demonstrate the direct relationship between HIF works and residential delivery and assist overall delivery programme.

3.4.3 Reference to masterplan development areas is as per the Development Zone Plan shown below





Figure 5 Meridian Water Development Zone Plan

3.4.4 It is therefore proposed that a ‘hybrid’ planning application is progressed for the following:

1) Part detailed

- o for the ‘Central Spine road’ excluding Glover Drive
- o temporary link road for the ARRIVA bus depot
- o flood alleviation work
- o contamination and remediation works
- o a potential temporary north-south link road
- o and pedestrian/cycle way across the railway

2) Part outline

- o for housing elements within land controlled by LBE to minimise risk of delay to the application at Central area including Orbital Business Park site and IKEA Clear

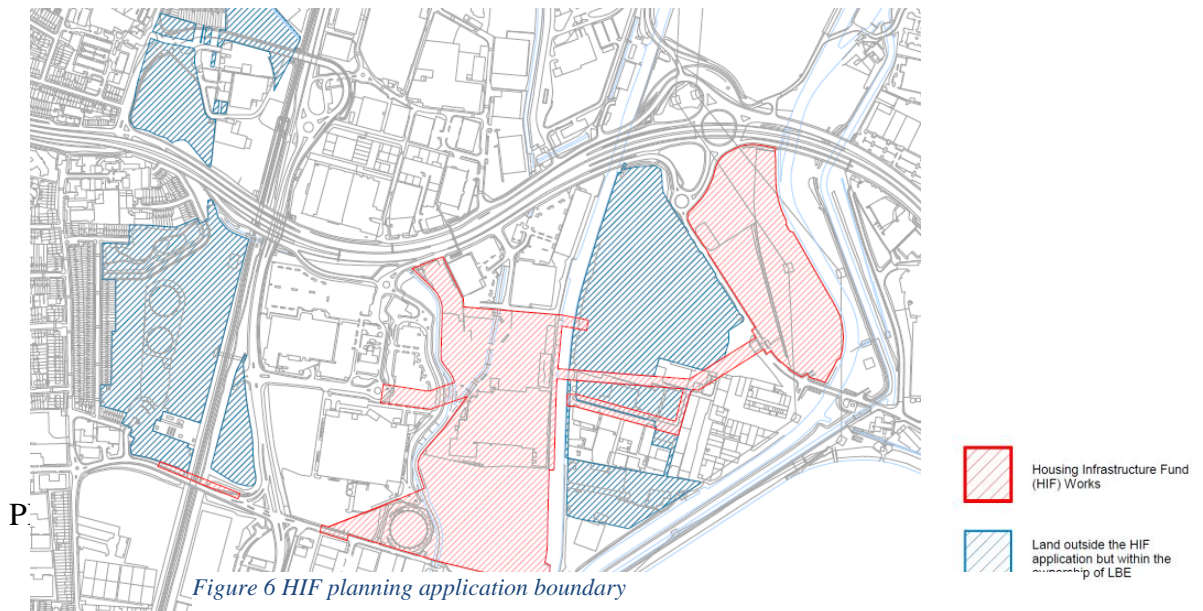


Figure 6 HIF planning application boundary

3.4.5 The works comprised in the initial planning application should:

- be capable of being consented without the risk of an objection from strategic stakeholders, including the GLA and Environmental Agency;
- enable all HIF works to be implemented by 2023;
- be non-abortive works pending further negotiations with IKEA, Tesco and other third parties; and
- not constrain the potential future implementation of the future Masterplan.

3.4.6 There are a number of land ownership rights to be resolved to enable the delivery of the HIF works, which will be subject to ongoing negotiation and ultimately a Compulsory Purchase Order (CPO) if required. The planning application will provide the key evidence base for any CPO and the master delivery programme of HIF scope has been aligned to be in place in time for the CPO inquiry. This is a programme risk element which will need to be continuously monitored.

3.4.7 It is anticipated that the pre-application stage will commence in August 2018 for formal submission of the planning application in December 2018.

3.4.8 The programme for planning activities to deliver the HIF infrastructure works is scheduled as follows:

	<b>Task</b>	<b>Date</b>
	Concept design fix	Jun 2018
	TFL pre-app	Jul 2018
	EIA scoping submission	Aug 2018
	GLA pre-app	Sep 2018
	Pre application public engagement	Nov 2018
	Detailed design fix	Nov 2018
	Planning application submission	Dec 2018
	Planning application committee meeting for decision	Apr 2019

Further details of the Planning Strategy are included in appendix C.

### **3.5 Contractor procurement procedure**

#### **Contractor procurement for Roads and Flood Alleviation Works**

3.5.1 In April 2018 soft market engagement with contractors has taken place with the support of STACE construction management consultants.

3.5.2 The outcome of the soft market engagement helps to inform the contractor procurement approach. The proposed route is to utilise an OJEU procurement procedure rather than using an existing public-sector framework. Despite the clear advantage in terms of time taken to appoint the contractor for using existing frameworks, the disadvantage is the lack of any early competition in the selection process and uncertainty in terms of delivery team that would be offered. The report recommends delegate to the Director of Meridian Water in consultation with Director of Law and Governance to authorise the contractor procurement procedure for HIF delivery works.

**Contractor procurement for the delivery of rail infrastructure works**

3.5.5 The Council has extensive experience in leading rail projects following the development and delivery of the MW station. Rail infrastructure delivery is governed by strict procedures managed through Network Rail (NR) (as manager of the rail network) and NR is regulated by the Office of Rail and Road (ORR). Historically NR has been responsible for maintenance of the rail network and also leading major infrastructure upgrades through its Infrastructure Projects contracting arm, however many projects on rail are also delivered by Third Party contractors with NR providing an asset protection function.

3.5.6 Through discussion with NR and with the Councils consulting team, it is proposed that rail works are delivered with NR using an Asset Protection approach. This would enable the Council to lead and guide the programme and scope of the work and co-ordinate the design and delivery through the NR approval processes. This route would provide more flexibility allowing Enfield to employ its own specialist consultants and then go to the market to procure a rail and civil engineering contractor to deliver the works.

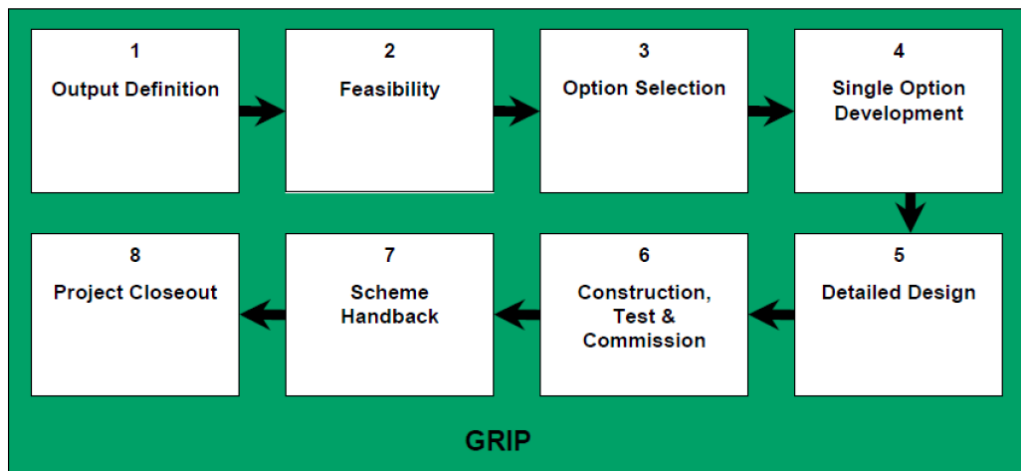


Figure 7 Network Rail GRIP process

- 3.5.7 As with the procurement of the road and flood works, the Council would procure a consulting team and then a contractor to deliver the works through an OJEU route.
- 3.5.8 For the development of the design for approval, the Council would procure the services of specialist consultants with experience of the route. This would be developed from GRIP 2 – 4 including coordination of approvals with NR and then a contractor procurement to complete detail design (GRIP 5) and then construction and commissioning through stages GRIP 6 – 8.
- 3.5.9 The rail consultant and contractor procurement stages are outlined below.

GRIP 2 – 4 procurement schedule	Date
PQQ preparation	Jul 2018
OJEU Notice	Aug 2018
Tender returns	Oct 2018
Appointment	Nov 2018

GRIP 5 – 8 procurement	Date
PQQ preparation	Jan 2019
OJEU Notice	Apr 2019
PQQ response returns	May 2019
Make recommendations	Jun 2019
LBE approval	Aug 2019
ITT issue	Aug 2019
Tender returns	Oct 2019
Appointment decision	Nov 2019
Contract award	Jan 2019
GRIP 5	Jan to Jul 2020
GRIP 6	Jul 2020 to May 2021 Entry into service May to December 2021.

### 3.6 Governance and resource arrangement

- 3.6.1 Council's internal delivery team had been established to project manage infrastructure design, planning, programme and land acquisition activities. To ensure sufficient resources, skills and project management capacity and experience during the preparation and the delivery of the HIF programme external companies and individual consultants have been appointed.
- 3.6.2 Staff members from STACE construction and real estate management have been appointed to lead on the delivery of HIF infrastructure as well as adding

capacity to Council's internal project managers on survey and site management tasks.

Three distinct expert teams from ARUP have been established to support on the key stages and tasks associated with the HIF programme:

- a) HIF business case: a team of three experts from ARUP Cities Economics department specialising in business case development on large scale government programmes;
- b) HIF civil engineering team: a team of flood alleviation experts, transportation planners and geotechnical team working on infrastructure designs as well as providing expertise on environmental designs and on sustainability;
- c) HIF planning and design team: planning experts and architect team working on developing masterplan, public realm designs and planning strategies for the design and implementation of the HIF programme.

HIF Rail programme required specialist individuals to input into the feasibility and data analysis tasks, as well as supporting the project managers on complex rail sector stakeholder management activities:

- d) Rail capacity options: An independent capacity and timetable expert has been appointed to review the historic NR work and develop solutions to achieve a minimum of 4tph at MW and Northumberland Park;
- e) GRIP 1 and costings: A cost management company specialising in the rail sector has been appointed to provide costings for the rail upgrade works and establish GRIP1 investigation works to establish the feasibility of four tracking;
- f) Business case: A rail specialist is bringing together data as well as developing a WebTAG compliant business case which assesses passenger benefits and costs;
- g) Stakeholder management: An independent consultant with a wealth of experience working at senior level in the rail industry, supporting on managing complex stakeholder relationships.

### **3.6.3 Programme Meetings**

- 3.6.3.1 A regular fortnightly HIF board meeting has been set up, chaired by Meridian Water Programme Director. The board meetings are attended by staff members of the GLA, expert consultant teams and the Council's dedicated managers. Attendance from MHCLG is expected after the inception meeting scheduled in July.
- 3.6.3.2 Technical meetings attended by consultant teams, specialising on civil engineering, environmental impact, structure and transport are held every week at Ove Arup's office. The meetings are chaired and organised by the Council's internal HIF team.

## **4. ALTERNATIVE OPTIONS CONSIDERED**

### **4.1 Do Nothing**

Missed opportunity on one of the largest government infrastructure funding programmes targeted to local authorities.

### **4.2 Borrowing**

The borrowing option would put the Council's financial position at risk as the income from future land sales would not be guaranteed. A development partner would be unlikely to make the investment necessary at Meridian Water to deliver the infrastructure upfront without the appropriate indemnity from the Council.

### **4.3 Financed via Private Sector Development Partner**

Without the Council's indemnity, the development partner would only be able to deliver small elements of infrastructure on a phase by phase basis ensuring each phase is independently viable – this would create a patchwork of development and risk cherry-picking the easiest sites leaving other areas undeveloped. This option is unlikely to meet the vision and objectives for Meridian Water nor create the catalyst for regeneration of the surrounding areas.

## **5. REASONS FOR RECOMMENDATIONS**

Should the HIF application be unsuccessful, none of the work should be abortive. Any design, planning or enabling works carried out will reduce both the costs and the risks required to be taken by a future developer, therefore increasing the attractiveness of the scheme to the marketplace.

## **6. COMMENTS OF THE EXECUTIVE DIRECTOR OF RESOURCES AND OTHER DEPARTMENTS**

### **6.1 Financial Implications**

**6.1.1** As detailed in section 3 of the report, the estimated cost of the project infrastructure work eligible for HIF funding is £87.8M, plus £40M for the enhancement of the rail service including an extra track. The total value of the bid submitted is circa £120M.

**6.1.2** HIF grant will be used to fund all costs associated with developing the business case, including fees and staff costs, assuming all those costs will be capitalised.

**6.1.3** If granted, HIF funds will be delivered in six-monthly payments without allocation to specific works, and will be based on progress reports from the local authority. The deadline for funding is March 2023

**6.1.4** The projected current costs of preparing the HIF business case for submission are £1.9M. This is stated in DAR KD 4620. This will be funded from the existing 2018/19 approved capital budget of £49.3M..

**6.1.5** A successful bid would reduce the council's requirement to borrow and the level of investment required from a development partner, maximising return from future land sales.

**6.1.6** An unsuccessful bid would require the Council to identify alternative sources of funding. It's likely this would involve further Council borrowing, although other options would be explored.

## **6.2 Legal Implications**

Section 1 of the Localism Act 2011 provides the Council with the power to do anything an individual may do, subject to a number of limitations. This is referred to as the "general power of competence". A local authority may exercise the general power of competence for its own purpose, for a commercial purpose and/or for the benefit of others. This general power of competence provides sufficient power for the Council to apply for the funding described in this report and to procure a contractor/contractors to undertake the works described.

**6.2.2** The public sector equality duty under section 149 of the Equality Act 2010 requires the Council to have due regard to; (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; and (ii) the need to advance equality of opportunity between persons who share a protected characteristic and persons who do not share it. Any equality impact assessment prepared in respect of the Meridian Water regeneration project should be revisited as part of changing nature of the Scheme.

**6.2.3** In the event that the Council is successful in its bid for HIF funding, the Council must comply with its obligations under any resulting grant funding agreement, including with respect to delivery of objectives within agreed timeframes. In the event of breach, it is expected that there will be contractual provisions entitling MHCLG to reduce, suspend, withhold or require all or part of the funding to be repaid.

**6.2.4** Any procurement must be conducted in accordance with the Council's Constitution, including the Contract Procedure Rules, and the Public Contracts regulations 2015. For contracts over the EU threshold for goods and services and over £1,000,000 for works, the Procurement and Commissioning Review Board must approve the procurement. Furthermore, any procurement should be carried out in conjunction with the Council's Highways department. The Council's Key Decision procedure must be followed for all contract awards for £250,000 and above.

**6.2.5** The Council must ensure value for money in accordance with the overriding Best Value Principles under the Local Government Act 1999.

**6.2.6** All legal agreements arising from the matters in this report, must be in a form approved by the Director of Law and Governance.

### 6.3 Property Implications

The receipt of the Housing Infrastructure Fund will contribute towards the viability of the Meridian Water scheme by injecting a significant sum of money towards works which would not ordinarily attract a commercial return but are nevertheless essential for the schemes success.

Strategic Property Services understand that the location of the infrastructure has been informed by commercial considerations and the masterplan which optimises scheme design and viability. It is also located in areas which are free from abnormal costs or third-party land ownership/rights.

The additional sums of money required for the remainder of the infrastructure will either be met by the developers or by other third parties or the Council in the event of the bid being unsuccessful. In each scenario, funding sources should be built into the overall financial model.

## 7. KEY RISKS

The following table is an extract Meridian Water strategic risk log that relates to HIF programme.

ID	Title	Risk Description	Mitigation
00001	Failure to win HIF grant or only part funding granted	<p>Most likely causes of failure to win HIF Grant:</p> <ol style="list-style-type: none"> <li>1. GLA / MHCLG do not believe our programme / ability to complete works by March 2023.</li> <li>2. GLA / MHCLG do not believe the works can be undertaken within the budgets provided.</li> <li>3. GLA / MHCLG do not believe the investment will directly lead to the delivery of homes that would not be built anyway.</li> </ol> <p>Effects:</p> <ol style="list-style-type: none"> <li>4. HIF infrastructure would need to be funded by the development partner. This may pressurise development finances / viability.</li> </ol>	Early appointment of consultant team to ensure a strong business case



00002	Failure to build HIF infrastructure within programme stipulated by grant conditions	<p>Most likely causes:</p> <p>1. Failure to obtain land for HIF infrastructure in time to allow subsequent construction.</p> <p>Current proposal is to make an offer to land owners. If offer is rejected, a compulsory purchase order will be progressed, however this will take time.</p> <p>2. Failure to achieve planning permission within programme. Most likely causes are:</p> <p>Unknown extent of masterplan information that will be required to support the application.</p> <p>ii. EA flood modelling information unlikely to be available for at least 18 months.</p> <p>EA have provisionally stated that they would object to all planning applications that are not supported by their forthcoming flood modelling.</p> <p>iii. Objections to the transport assessment. The existing transport network is under high pressure, and the trip generation from 10,000 new homes and business activity risks making it worse.</p> <p>There are many stakeholders in the transport network and it will be difficult for the proposals to satisfy them all.</p> <p>3. Delay caused by utility works. Utility companies work to their own processes and programmes.</p> <p>4. Construction delays. Construction delayed by unforeseeable circumstances.</p> <p>Effects</p> <p>5. MHCLG do not make it clear what the penalties would be for failing to meet the works completion deadline of March 2023.</p> <p>Initially, the effect is most likely to be that the HIF grant application is rejected, or if successful, funding could be pulled if delays look imminent.</p> <p>If the grant funding sustained through the project, but works are not complete by the deadline, the Council may need to supplement the grant funding to complete the works.</p>	Novation of design, planning and construction responsibilities to the development partner
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		6. Potential diminished reputation with GLA and MHCLG.	
00003	Incorrect cost estimates for strategic infrastructure works	<p>Cost estimates for strategic infrastructure are drawn from the Currie and Brown report prepared in Sept 16 - Jan 17. Whilst this is the most comprehensive investigation into the capital costs of strategic infrastructure required for Meridian Water, the work was concluded with several gaps and comments remaining unaddressed, particularly pertaining to the scope of works assumed.</p> <p>The cost estimates should therefore be treated with caution and should be replaced at the earliest opportunity.</p> <p>So the cause of incorrect cost estimates is:</p> <ol style="list-style-type: none"> <li>1. Failure to replace initial cost report with a new one.</li> </ol> <p>And the effect is:</p> <ol style="list-style-type: none"> <li>2. Potential that strategic infrastructure works could not be completed for the budget allocated.</li> </ol>	Accelerate strategic infrastructure design, design integration and investigation works to minimise cost estimation prior to stage 2 grant submission
00004	Fails to achieve 4tph	<p><b>Cause:</b> The Department for Transport do not deliver the STAR (Stratford, Tottenham, and Angel Road) reducing the frequency at Meridian Water to 2tph</p> <p><b>Effect:</b> Detrimental effect on Meridian Water's deliverability at marketplace</p>	<p>Prepare a robust HIF business case on Rail</p> <p>LBE has commissioned jointly with LBH a timetable study to increase rail traffic on the Northumberland Park to Meridian Water stretch of the track</p> <p>Maintain robust dialogue with Network Rail, TfL and GLA to ensure timely delivery of 4TPH</p> <p>Understand the impact of the proposed change to the 4 trains</p>

			<p>per hour in relation to design, other infrastructure, PTAL etc.</p> <p>Executive level and political interventions, all legal options have been exhausted now working with the GLA to start negotiations with Abellio</p> <p>There is a regular Senior Officer Meeting that takes place on 4 trains an hour</p>
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## **8. IMPACT ON COUNCIL PRIORITIES**

Development in Meridian Water would be guided by the Masterplan and other relevant policy documents which, amongst other objectives, seek to achieve fairness for all, sustainable growth and development of strong communities.

## **9. EQUALITIES IMPACT IMPLICATIONS**

Equality and diversity considerations will continue to be integrated into the development and delivery work for Meridian Water to make sure they are embedded in the decision-making process and to avoid costly design changes.

## **10. PERFORMANCE MANAGEMENT IMPLICATIONS**

Delivery of a comprehensive regeneration scheme at Meridian Water is a corporate priority within the council's Business Plan for 2016-2018. Completion of the Masterplan and the delivery of phased infrastructure improvements including increased rail services, station improvements and new homes will help to meet the strategic priority: "a borough that attracts inward investment and supports sustainable regeneration and growth."

## **11. HEALTH AND SAFETY IMPLICATIONS**

The Meridian Water Project bringing widespread improvements in transport, accessibility, and comprehensive remediation of contaminated brownfield sites will have positive health and safety benefits for the local community and the future residents, workers and leisure users at Meridian Water.

## **12. HR IMPLICATIONS**

None

### **13. PUBLIC HEALTH IMPLICATIONS**

A regeneration neighbourhood at Meridian Water will have far reaching public health benefits particularly from the promotion and expansion of public transport, namely a more frequent rail service, an expanded bus network and integrated walk and cycle routes. This together with extensive green space, water fountains and a positive urban environment will continue to well-being at Meridian Water. The development will include all necessary public health and community services from health clinics to nurseries

#### **Background Papers**

- Appendix A – Draft HIF Scope: roads and flood alleviation works
- Appendix B – Draft HIF Scope: rail enhancement
- Appendix C – Draft HIF Planning Strategy
- Appendix D – Contractor open market engagement note
- Appendix E– HIF Business Case Method Paper

## File Note

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Project title Meridian Water Phase 2

Job number

cc

File reference

Prepared by Mark McFadden

Date

9 July 2018

Subject Summary of Meridian Water infrastructure works proposed for inclusion in Housing Infrastructure Fund scope

## Overview of HIF scope infrastructure works

This file note provides a high-level overview of the infrastructure and associated works proposed for inclusion in London Borough of Enfield's bid for the MHCLG Housing Infrastructure Fund. See attached drawing of the proposed Meridian Water Development Zones and overview diagram of proposed HIF works scope.

## 1 Earthworks and remediation

Earthworks are required across much of the site to establish the appropriate development platform levels. Further work is required to establish what proportion of this work should be undertaken by a plot developer and what should be led by LB Enfield master developer. The master developer has the scope to move earthworks across the site more efficiently than individual plot developers and can coordinate earthworks to efficiently undertake remediation and flood alleviation works.

The earthworks will provide development platforms raised 600mm above the maximum flood level for habitable elements of residential development. This requires levels to be raised above existing ground level.

Remediation works will be undertaken in advance of the earthworks and are currently programmed to be carried out in advance of the excavation and fill works, thereby allowing for direct placement of the excavated material and the avoidance of double handling.

Earthworks and remediation proposed for inclusion in HIF scope include:

- **E4 Earthworks – Gasholder Site**
- **E5 Earthworks – Development Zone 5**
- **E6 Earthworks – Development Zone 4**
- **LV1 Earthworks – Lee Valley Regional Park**
- **R3 – Earthworks – Causeway (east of Lea Navigation)**

## File Note

9 July 2018

These works will support the residential-led development of Development Zones 5 and 6.

## 2 Flood Alleviation and Associated Landscaping

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Flood alleviation works comprise three types of activities in order to provide an equivalent amount of flood storage to that displaced by development.

Works proposed for inclusion in HIF scope include:

- **F2 Pymmes Brook east and south:** naturalisation of eastern bank of the channelized sections of the Pymmes and Salmon Brooks, by creating a floodable landscape;
- **F5 Lee Valley Regional Park:** the reduction of ground levels within an area of the Lee Valley Regional Park, in order to provide a flood compensation area;
- **F9 Flood compensation flow path north:** construction of a flow path to enable flood water to reach the flood compensation area in Lee Valley Regional Park (F5)

These works will enable the residential-led development of Zones 5 and 6 and provide publicly accessible open space for the development. The cutting works will generate excavation material for use in the earthworks to raise land levels in Development Zones 5 and 6.

## 3 Vehicular Roads and Pedestrian/Cycle Links

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### 3.1 The Causeway

The Causeway is the primary east-west link running from Meridian Water station in the west to Harbet Road in the east of the site. The Causeway corridor alignment is enshrined in the submission version of the Edmonton Leaside Area Action Plan, which was submitted for examination in April 2018. The Causeway alignment will be raised above flood level.

Causeway works proposed for inclusion in the HIF scope include:

- **B1 Lee Navigation Bridge and B4 Pymmes (central) & Salmons Brook Crossings.** The clearance of the three bridges is to be confirmed with the Environment Agency in regard to flood levels and with the Canal and Rivers Trust in regard to bridleway clearance requirements.
- **R2 Causeway Central (Across Brooks) and Bridge Ramps**
- **J2 Causeway / Harbet Road Junction**
- **R3 Causeway East**

The Causeway enables Development Zones 3 and 5 and would enable public transport routes through the site, improving PTAL and subsequently optimising the development capacity of the site.

## File Note

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### 3.2 Leaside Link Road

The Leaside Link Road links Leaside Road to the Causeway, including a bridge across the Pymmes Brook. The Link Road forms a primary vehicular route through the site.

Leaside Link Road works proposed for inclusion in HIF scope include:

- **B5 Pymmes Brook Crossing (South)** - including relocation of Environment Agency watercourse access, subject to finalisation of alignment and agreement with the Environment Agency.
- **R4 Leaside Road / Causeway** – including construction of a retaining wall to enable ramp section of the Leaside Link Road / Causeway junction.
- **J3 Leaside Road / Link Road**

### 3.3 Leaside Road / West Anglia Mainline Pedestrian and Cycle Bridge

It is envisaged that this pedestrian and cycleway bridge would run parallel to Leaside Road and provide an east-west connection between Meridian Water and wider Enfield across the West Anglia Main Line. The final design and alignment of this crossing depends on the ability to provide sufficient clearance from the overhead electrical lines associated with the West Anglia Mainline. Works would include pedestrian/cycle crossing improvements at Leaside Road / Meridian Way junction.

Works proposed for inclusion in the HIF scope comprise:

- **C1 Railway Cycle/Footway Bridge and Public Realm**
- **E7 Earthworks to the approach embankments**

### 3.4 Access Improvements

Access improvements to enable Development Zone 6 and to minimise impact on IKEA's existing access routes to its store are proposed for inclusion in the HIF scope:

- **TW1 Zone 6 Access Road** - involves temporary works to widen Silvermere Drive and Anthony Way in order to maintain access to the Arriva bus depot during the construction of the Lee Navigation Bridge.
- **TW2 IKEA Access** – involved reconfiguration of the existing Glover Drive / IKEA junction, which could comprise an elongated roundabout, subject to refinement of design.

## File Note

9 July 2018

### 4 Utility Infrastructure

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#### 4.1 Utility Diversions

Various utility abandonments and diversions will be required in order to undertake the earthworks, remediation and construction of the roads and bridges set out in the HIF infrastructure scope. Given the difficulty of assessing the cost of these at this stage, we have included an allowance for diversions in the cost assessment. Likely diversions and abandonments include the relocation of two electricity substations currently within the proposed Causeway alignment.

#### 4.2 New Utility Infrastructure

Existing service infrastructure is inadequate to support the proposed development. Strategic primary infrastructure are required. These will typically be aligned in the primary road corridors and will serve individual Development Zones through a series of connections. Utilities include:

- Electricity transmission (both low voltage and high voltage connections);
- substations;
- telecom containment;
- potable water mains;
- gas mains;
- foul sewers;
- surface water drainage channels; and,
- heat network.

Utility works proposed for inclusion within the HIF scope comprise:

- **U1:** new primary substation
- **U3:** Causeway central and east utility corridor
- **U4:** Leaside Link Road utility corridor

These works support the delivery of Development Zones 5 and 6, as well as the long-term delivery of the wider Development Area.

#### 4.3 Off-Site Utility Reinforcement

Off-site reinforcement of existing utility networks is likely to be required in order to cater for the increased demand generated by new development at Meridian Water. The time of these upgrades is dependent on the rate of build-out and associated increases in demand, as well as the proposed employment mix on-site.

The mechanism for procuring and paying for upgrades depends on the requirements for different utilities and their statutory undertakers. For example, Thames Water is responsible for forward funding planned upgrades to its infrastructure and recouperates investment through customer revenue



## File Note

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payments. For this reason, off-site reinforcement costs have been excluded from the cost assessment.

## 5 Demolition Works

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The demolition of existing buildings and removal of associated built structures will enable other infrastructure works associated with flood alleviation, roads and utilities.

Demolition works proposed for inclusion in the HIF scope comprise:

- **D1A: Demolition of BOC Premises within HIF Footprint**
- **D1B: Demolition of BOC Premises within Development Zone 4**

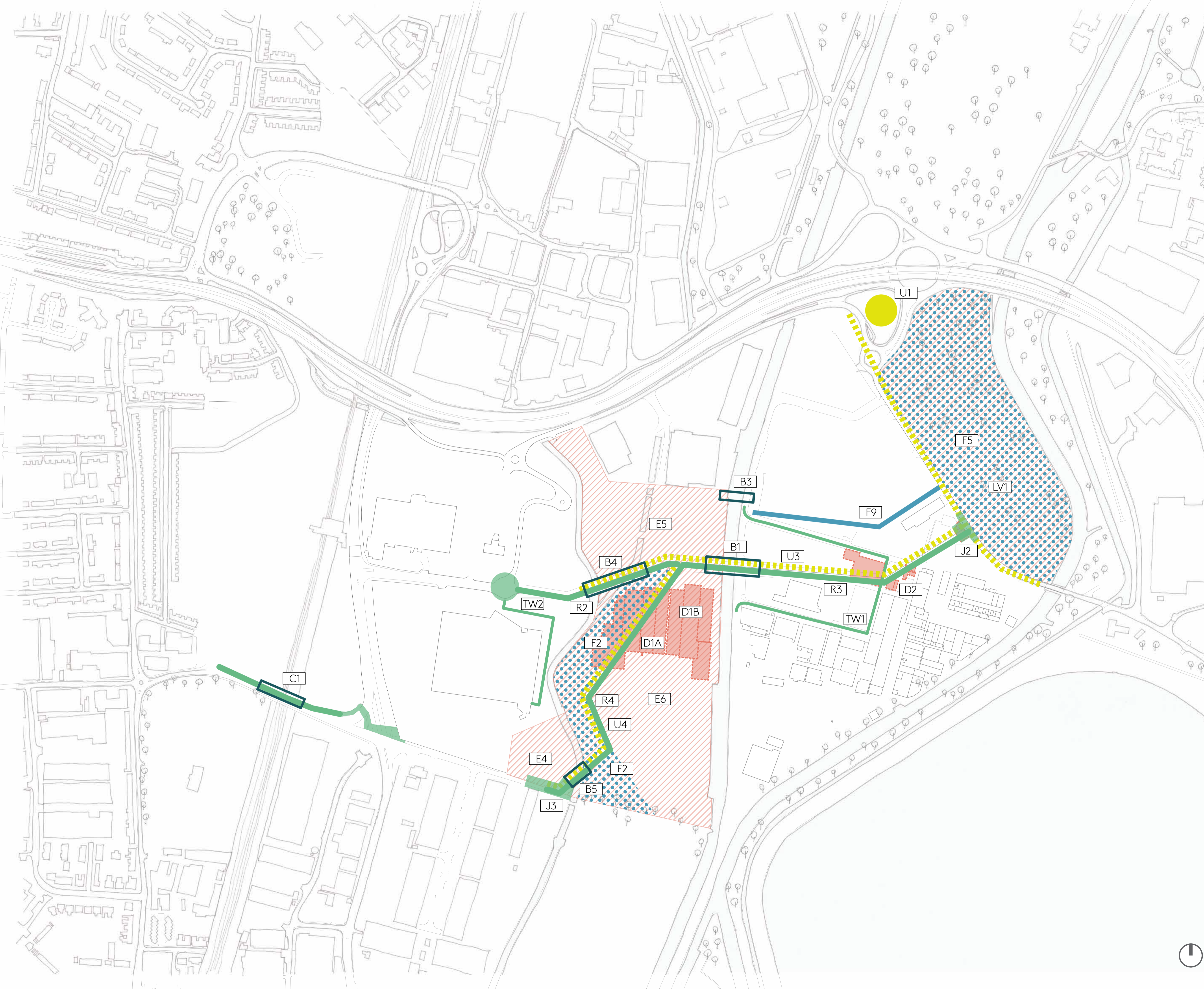
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### DOCUMENT CHECKING (not mandatory for File Note)

	Prepared by	Checked by	Approved by
Name	Mark McFadden	Joe Nunan	Joe Nunan
Signature			

**DEVELOPMENT ZONES**





- Utilities
- Roads / public realm
- Access road improvements
- Pedestrian/cycle improvements
- Bridge
- Junction
- Demolition
- Land remediation
- Flood landscape
- Flood link pipe

- F2 Pymmes Brook east and south
- F5 Lee Valley Regional Park
- F9 Flood compensation flow path north
- B1 Lee Navigation bridge
- B3 Lee Navigation ped/cycle bridge (north)
- B4 Pymmes Brook crossing (central)
- B5 Pymmes Brook crossing (south)
- C1 Railway cycle/footway bridge and public realm
- U1 Primary substation
- U3 Causeway central and east utility corridor
- U4 Leaside link road utility corridor
- R2 Causeway central (across brooks) and bridge ramps
- R3 Causeway east
- R4 Link Road (Leaside Rd to Causeway)
- J2 Causeway - Harbet Road
- J3 Leaside Road - Link Road
- TW1 Zone 6 access road
- TW2 Ikea access
- D1A BOC demolition (within HIF footprint)
- D1B BOC demolition (within development plot)
- D2 Demolition zones 6 & 7
- E4 Earthworks - gasholder site
- E5 Earthworks - zone 5
- E6 Earthworks - zone 4
- LV1 Earthworks - LVRP

03	For information	09/07/18
02	For information	25/06/18
01	For information	06/06/18
00	For information	03/05/18
Revision	Reason	Date

**Karakusevic Carson Architects**

Project:  
382 MW Strategic Infrastructure

Title:  
HIF - All

Drg No.  
382-KCA-XX-XX-DR-A-1112-D

Scale:  
1:2500 @ A1

Drawn by:  
RM



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## **Meridian Water Housing Infrastructure Fund Rail Enhancement scope options paper**

### **For discussion**

Author: Jonathan Roberts Consulting

**July 2018**

### **Background**

Enfield Council is a leading partner in the bid to the Housing Infrastructure Fund (HIF), for financial support to enable Meridian Water, and other housing projects along the STAR railway route, to receive a better rail service and enable greater road capacity.

The investment is in turn aimed to accelerate the rate of progress with principal housing projects, and to stimulate a greater volume of housing provision and take up (including housing sales) along the Upper Lee Valley.

The current HIF bid was shortlisted by the Ministry of Housing, Communities and Local Government (MHCLG) earlier in 2018. A full bid is required by summer 2018, involving the GLA and council stakeholders, with submission in September to MHCLG. A decision may be announced in the Government's November 2018 budget, or later.

### **Context**

During 2012-15, Enfield Council, the GLA and other Upper Lee Valley stakeholders, and transport partners including Transport for London (TfL) and Network Rail, had backed a 4 trains per hour local service each way (4 tph), as part of the regeneration of the Upper Lee Valley Opportunity Area.

Provision of a 'walk-on' local train service was critical, to provide a trusted link into the Victoria Line and Liverpool Street trains at Tottenham Hale, and onwards to Stratford to access the Thames Gateway, Canary Wharf and the rest of Docklands, and the Central Line and Crossrail.

However, the Department for Transport (DfT) reprioritisation of plans to use of the Lee Valley main line tracks for outer suburban and Stansted trains, when it reached its decision in 2015 on the new franchise specification to be offered to bidders for the Anglia train services. The result of changes had resulted in the integrated service, with 2 tph local calls on the two main line tracks at Meridian Water and 2 tph on the new 3<sup>rd</sup> track (so 4 trains an hour in total), was reduced to be 2 tph on the 3<sup>rd</sup> track – a train every half-hour – plus occasional peak periods calls on the main line tracks – effectively a '2+' tph service.

HIF provides an important opportunity to redress the balance, and invest in some extra infrastructure which in turn will enable the desired services to be re-instated, from about 2021 onwards. This timescale usefully aligns with the likely delivery dates for the first major tranches of new housing on the Meridian Water site.

## Progress towards the HIF bid

Since this time, a work stream has been on going including a wider number of interested stakeholders to review how to achieve the 4tph service. The West Anglia Main Line (WAML) is a very congested route and priority is given to the high revenue (central London to the outer suburban commuter belt) and strategic route of the 15 min interval Stanstead Express.

During 2016/17 extensive optioneering work had been undertaken with Network Rail to review how additional capacity could be provided at Meridian Water. After Enfield submitted its EOI in September 2017, Enfield took the lead (as it had with the MW station development) and with the possibility of being able to secure funding, its consultants investigated all options to achieve a minimum 4tph.

A critical element is to define the best options for the transport infrastructure and rail services, which achieve the best value outcomes for the MHCLG target outputs. Put simply, this means that there should be a clear link between the required rail infrastructure and new housing e.g. the business case must demonstrate that 4 tph is required to sell or service the new housing.

The project team has reviewed five principal rail service options for the immediate HIF bid, then reduced that to a more practical short list of three, which achieved 4 tph or better at Meridian Water. These were Options 1A, 1B and 2C. Two of these initially achieved 4 tph or better at the neighbouring Haringey station at Northumberland Park. A revision to the third option means that all three short-listed options now achieve the 4 tph or better target at Meridian Water and its neighbour.

A more detailed assessment is now in hand. The emerging results favour Option 2C, both in terms of transport assessments such as benefit/cost ratio, and net cash return, and also in terms of the wider advantages and outcomes for housing as defined by MHCLG. This should be a win-win.

### What is Option 2C?

This is best explained by describing briefly the preceding elements:

(1) the planned '2+' tph service from **May 2019**

(2) early thoughts for a simple high-frequency shuttle train (**Options 1A and 1B**).

**Option 2C is an amalgam of these and also requires additional infrastructure, for its timetable.**

**May 2019's** 2+ tph service relies on using more intensively the trains which provide the present half-hourly Hertfordshire-Tottenham Hale-Lea Bridge-Stratford route ('HS' trains), shown **black** below. Most of these wait at Stratford for over 20 minutes, before resuming their return journey, because of the timing requirements on the Lee Valley main line.<sup>1</sup>

By heading north sooner from Stratford, these trains have enough time to get to Meridian Water on the new 3<sup>rd</sup> track, calling at all stations as a STAR train (shown **red** below), come back after a few

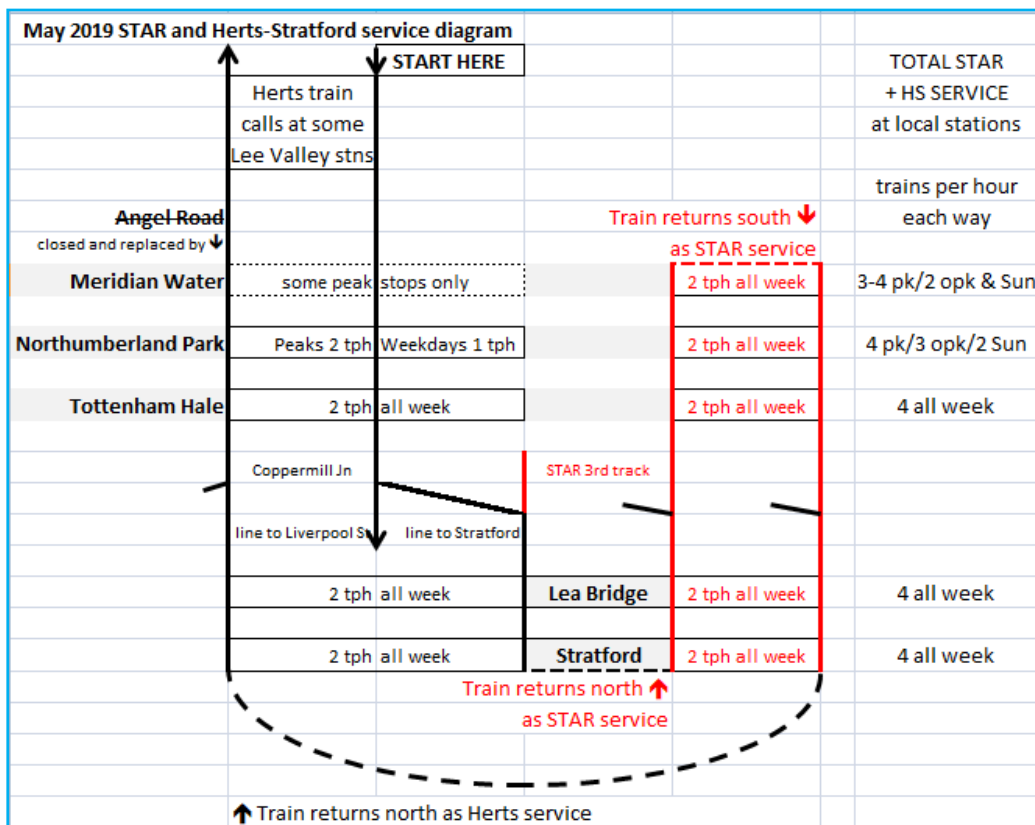
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<sup>1</sup> Trains are 'flighted' on the 2-track Lee Valley railway, with the slower, local trains required to follow in the footsteps of the faster trains to Stansted and Cambridge. At present, HS trains have an enforced long wait at Stratford, to slot in at the right time at Coppermill Junction, on the return journey northwards.

minutes, and then resume a service to Hertfordshire only a half-hour later than before. This needs just one extra train in use.

The time taken to shuttle to and from Meridian Water on the 3<sup>rd</sup> track, 25 minutes or less, means that there is no need with a half-hourly service for any extra passing loop or platforms. It is an electrified single track, with 3<sup>rd</sup> platforms at Tottenham Hale, Northumberland Park and Meridian Water.

This has an important bearing on the proposed HIF options, because with the infrastructure now under construction there will be no margin to accommodate any more trains while retaining a through STAR service to Meridian Water. Existing main line calls would however be retained.



**Options 1A and 1B** are low capital cost options, and concentrate on splitting the 3<sup>rd</sup> track into two operating sections, with a high-frequency 4 tph **“North STAR”** shuttle service ‘locked-in’ to the Tottenham Hale-Meridian Water section of line.

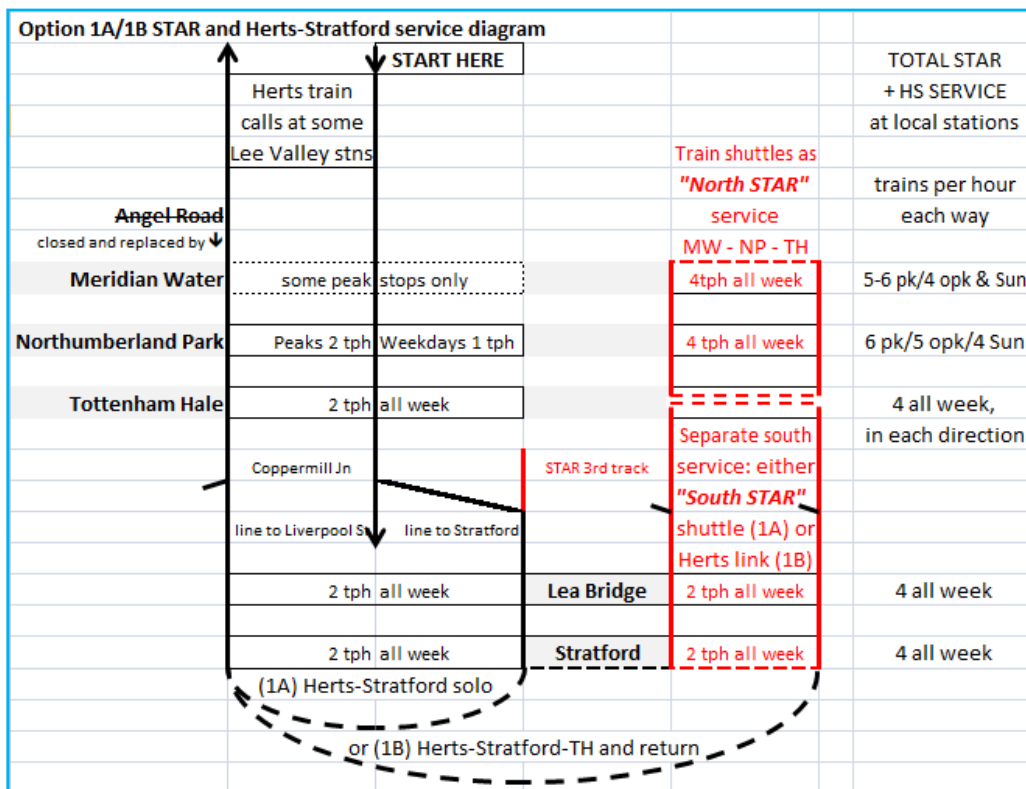
This achieves the 4 tph ‘walk-on’ objective at Meridian Water and Northumberland Park stations, connecting at Tottenham Hale with the London and regional rail and tube networks, including the Victoria Line, Liverpool Street, Stratford and West Anglia trains.

The penalty is an enforced interchange to/from Stratford at Tottenham Hale, for various parts of the week. However travel objectives via Stratford are a minority of journeys, so that a good frequency shuttle might be a price worth incurring.

Differences between 1A and 1B are whether (in 1A) the Stratford-Tottenham Hale extra service should be another stand-alone **“South STAR”** shuttle, or (in 1B) they should be allied to the Herts trains (as in

the May 2019 timetable). Extra signalling would be needed, to protect one train from meeting the other when they share the 3<sup>rd</sup> track. 1B would also require a lengthy platform extension at Tottenham Hale, as the Stratford train might be in Tottenham Hale at the same time as the “North STAR” shuttle.

Both options offer a 4 tph service north of Tottenham Hale, with a short journey time (4 minutes), and a requirement for two drivers, to speed the time to change ends and start off in the other direction (like tube drivers do at some termini, alighting from one train and taking a later one, while a second driver is ready to board at once). This would be needed on the “North STAR” shuttle, as otherwise only a 3 tph service could be run with one driver (with 6 minutes to change ends). Another train would be leased for this shuttle.



**Option 2C in detail**

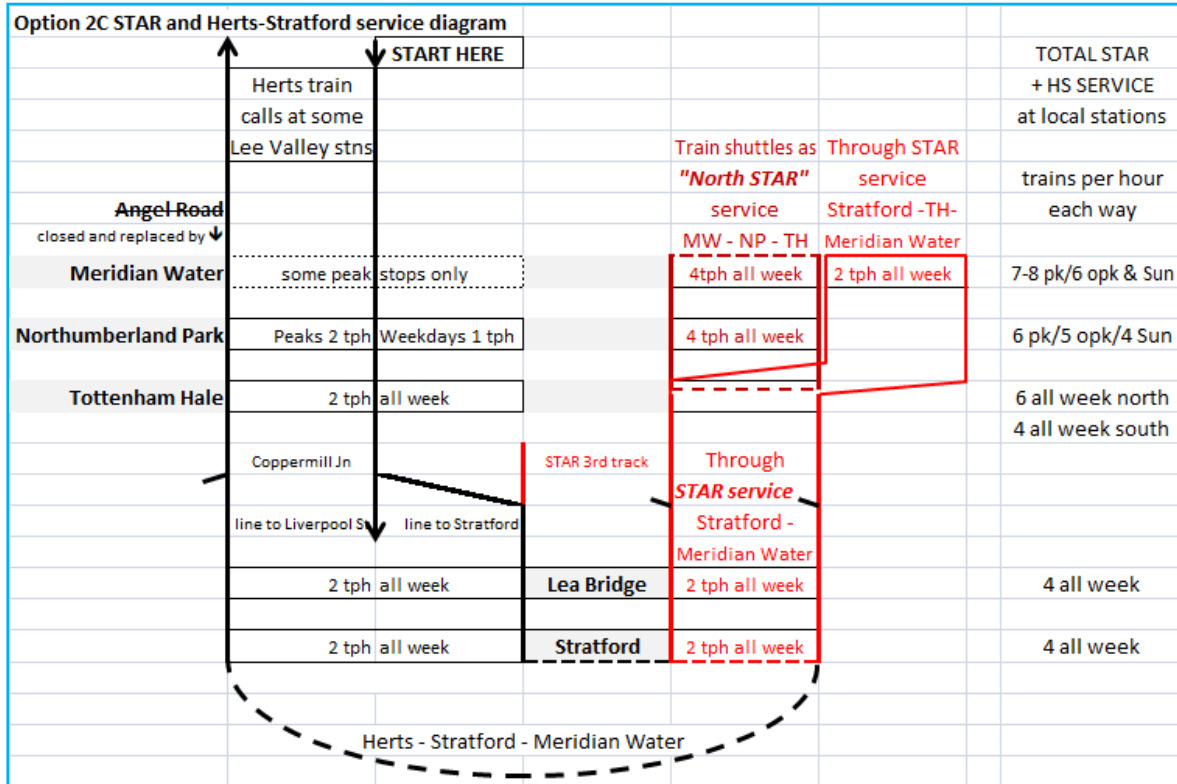
**Option 2C** aims to maximise service frequency on the Tottenham Hale-Meridian Water sector. It also aims to maintain the Option 1A/B service level achieved at Northumberland Park.

After reviewing two service choices for 2C, the better structure is to retain an Option 1A/B “North STAR” shuttle service at 4 tph between Tottenham Hale and Meridian Water, calling at Northumberland Park with this extra train and two drivers. Additionally the May 2019 through STAR service would be kept on a 2 tph basis, with a partial 4<sup>th</sup> track installed from north of Tottenham Hale to Meridian Water, so that this service could run independently of the “North STAR” shuttle.

Careful timetabling and signalling at Tottenham Hale would allow both STAR services to share the same 3<sup>rd</sup> platform at Tottenham Hale. However there is no space for a 4<sup>th</sup> platform at Northumberland Park so the through STAR trains would therefore run non-stop to Meridian Water.



Use of Automatic Train Operation is a possibility for the railway at Tottenham Hale and northwards, to improve service reliability and maximise use of the shared 3<sup>rd</sup> platform, and potentially also to accelerate the shuttle's turn-round times. The new Bombardier trains to be used on STAR are already equipped for easy conversion to ATO use.



Option 2C is a better service volume overall:

- 6-8 tph at Meridian Water, so a strong stimulus for developers and for new residents;
- a high connecting frequency with tubes and with main line trains at Tottenham Hale;
- maintains services to Stratford interchange;
- with the "North STAR" shuttle, maintains the best frequency at Northumberland Park (4-6 tph), compared to the alternative service choice of switching the track uses north of Tottenham Hale, which would reduce the frequency at Northumberland Park to 2-4 tph (as in May 2019).

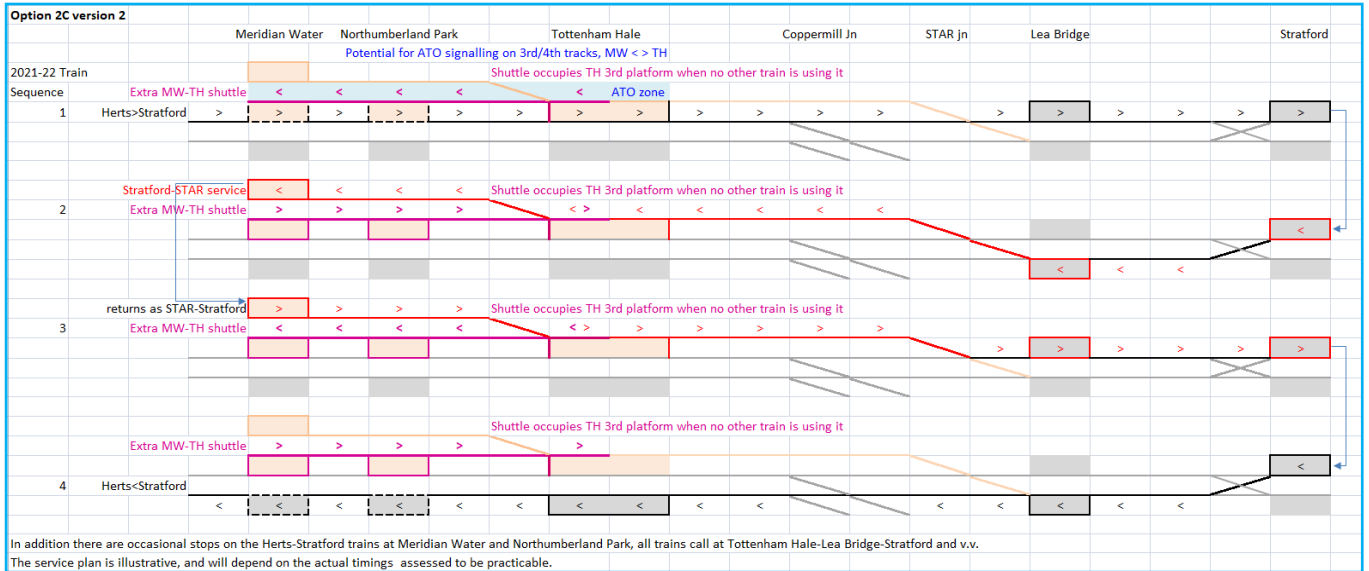
The higher frequencies will favourably assist higher Public Transport Accessibility Level (PTAL) at Meridian Water and Northumberland Park, and also at Tottenham Hale. This is an important methodology for planning and authorising higher development densities, under GLA planning rules.

Higher population levels will also improve rail benefits and revenues, so better rewarding the HIF investment and achieving better payback. Outline demand modelling and indicative costs, point to Option 2C achieving the highest net gain in public worth and achieving a 'good' Benefit-Cost Ratio of over 2 to 1, using the Department of Transport 'WebTAG' modelling rules over a 60 year project period. This BCR is before additional targeted housing zones are defined as a result of the PTAL changes, so it is expected that the final net worth and BCR will be greater still.

Diagrams are attached below for the operational service structure including shared use of the 3<sup>rd</sup> track and platform at Tottenham Hale, and also a table showing indicative service frequency and

operating hours. Part of the outline HIF proposal is to run the new services for a longer operating day, closer to tube hours of operation (eg from 5AM to after midnight), compared to the May 2019 timetable which will offer about 6AM to 11PM.

All diagrams have been prepared by JRC.



STAR and Herts-Stratford service levels		Option 2C Assumes that May 18 trains serving Angel Road are transferred to Meridian Water										
		Monday-Friday							Saturday		Sunday	
		Local peak taken as 07:00 to 09:59, 16:00 to 18:59										
		First time	Pre AM pk	AM Peak	Day offpk	PM Peak	Eve>21:59	22>end	Total day	Last time	All day	All day
Northbound												
Stratford	04:56	8	11	24	13	11	8	75	00:20	75	66	
Lea Bridge	05:01	7	11	24	13	11	8	74	00:25	75	66	
Tottenham Hale S	05:05	7	12	24	13	11	8	75	00:29	75	66	
Tottenham Hale N	05:06	12	23	42	23	22	16	138	00:30	97	78	
Northumberland Park	05:08	10	17	30	17	16	13	103	00:32	97	78	
Meridian Water	05:10	11	21	36	23	20	13	124	00:34	78	78	
Tottenham Hale N excludes trains not calling at Meridian Water or Northumberland Park												
Southbound												
Meridian Water	05:16	11	22	37	21	19	15	125	00:40	78	78	
Northumberland Park	05:18	10	18	30	18	16	12	104	00:42	96	78	
Tottenham Hale N	05:20 dep 5:23	12	24	42	24	22	16	140	00:44	96	78	
Tottenham Hale S	arr 5:26 05:32	7	12	24	12	12	8	75	00:45	74	67	
Lea Bridge	05:36	5	12	24	12	12	9	74	00:49	74	66	
Stratford	05:41	6	12	24	12	12	9	75	00:54	74	67	

An outline **scope of works** for Option 2C is provided below from CPMS material:

**Option 2c** (preferred) provides the requirements for 4 tracking from Tottenham Hale to Meridian Water (nearly 2.5 kilometres), but with the 4<sup>th</sup> Track bypassing Northumberland Park. This will require significant signalling, Track and Overhead electrification (OLE) works to allow for the 4<sup>th</sup> track arrangement with possibility of the need for Compulsory Purchase Order (CPO). 4 tracking does require re-work to the recently installed STAR line to allow for the infrastructure change with track, OLE and signalling being the most affected. This option would also require the opening up of the additional platform at Meridian Water. The indicative scale of capital costs is £30m, including risk and optimism bias. A separate cost review is being provided by *mbpc*.

It has also been noted as part of the GRIP 1 process that the installation of a 4<sup>th</sup> track through the Lea Valley has been identified as part of the Crossrail 2 scope, however this will not come to fruition for 15

years. The WAML (West Anglia Main Line) Project, has however allowed for passive provision for the 4 track where possible, which provides some further insight into the significant obstacles that exist for the options. This scheme could essentially form part of enabling works for the 4-tracking for Crossrail.

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# MERIDIAN WATER

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Planning Strategy  
DRAFT June 2018

First Issue	Date	Description	Prepared	Reviewed
00	21/06/18	DRAFT	NF	

## 1.1 PLANNING STRATEGY OBJECTIVES

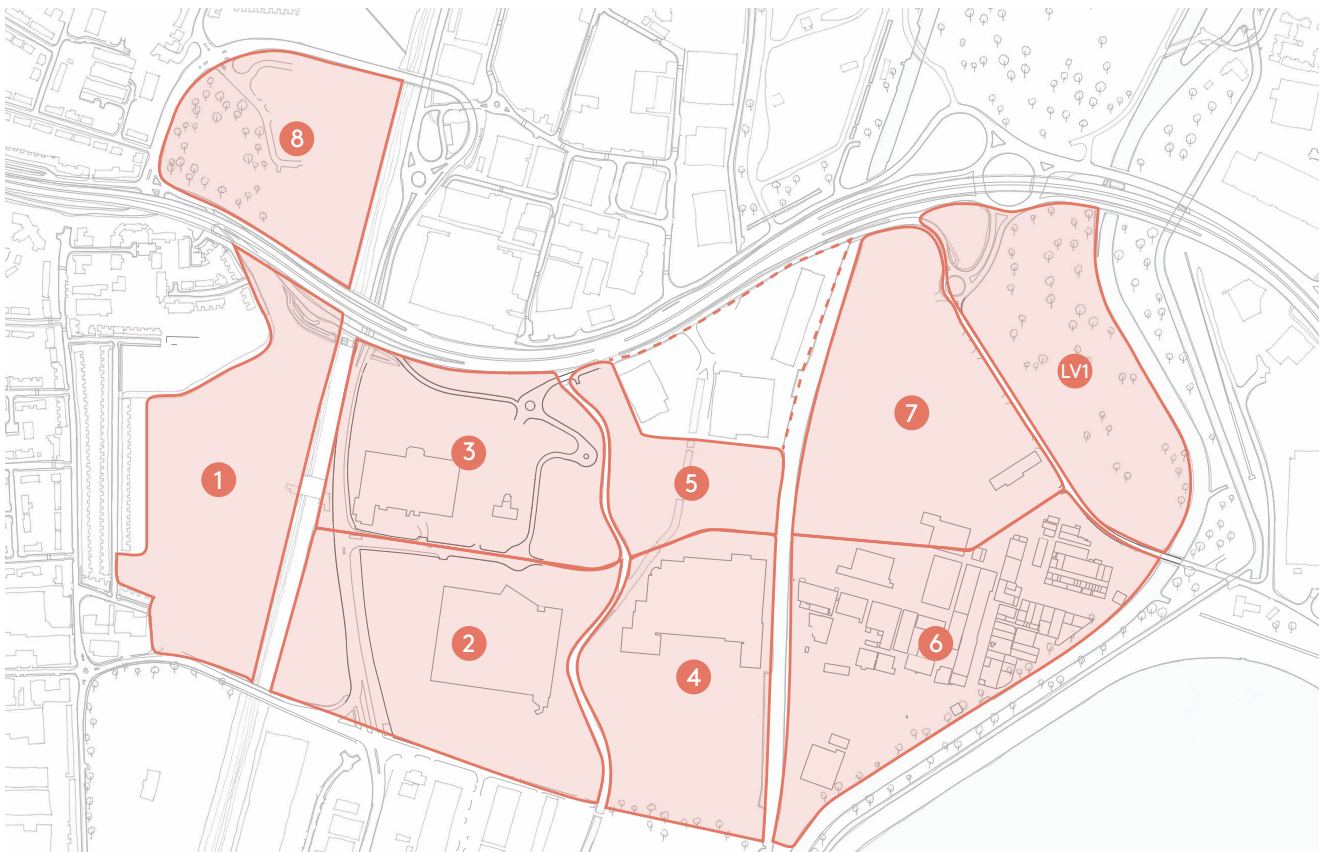
We have developed this strategy on behalf of the London Borough of Enfield (LBE) as a result of ongoing project team, stakeholder and local planning authority liaison. This strategy has been developed to achieve the following key objectives:

- Obtain necessary planning permission to deliver the infrastructure works supported by the 'Housing Infrastructure Fund' (HIF);
- Progress planning for the next tranche of residential led mixed use development. This assists demonstration of the direct relationship between HIF works and residential delivery and also the overall masterplan delivery programme.
- Safeguard longer term masterplan objectives and delivery.
- Meet other obligations and commitments.

This note addresses the strategic approach and related delivery and property constraints but does not provide a detailed planning policy review of the proposed works. This review has been undertaken and key issues and risks in this regarded continued to be monitored as design development is undertaken.

Reference to masterplan development areas is as per the Development Zone Plan shown at Fig 1.

Fig 1. Development Zone Plan



## 1.2 PLANNING APPLICATION APPROACH

The proposed upcoming planning applications to achieve the project objectives are proposed to be formed of three separate applications as follows:

1. Full Planning Application – Master developer infrastructure works (HIF linked)
  - Causeway & Leaside Link Roads;
  - Brook and Lee Navigation Bridges (x5);
  - Zone 2 (part), 4 , 5 Earthworks, Remediation and Landscaping;
  - Flood Attenuation Works;
  - Utilities and other Ancillary Works;

The application scope is in alignment with the master developer infrastructure works proposed to be delivered by HIF. The exact redline boundary will be amended to reflect the design fix reached for these works. Alignment of the Causeway has been developed to ensure it is in general accordance with that detailed with the Edmonton Leaside Area Action Plan (ELAAP). The creation of new road links will require justification which will be provided by the supporting outline application for residential led development. We are aware of the recent planning permission granted for the Triangle Site (Ref. 17/02152) and Silvermere Site (Ref. 17/02151) and while this is located directly on the route of the proposed Causeway alignment it remains subject to the ongoing land acquisition strategy and is therefore still planned to be made available.

Land remediation and earthworks for development zones 2 (part), 4 and 5 are included as part of the infrastructure package and therefore the application will need to demonstrate finished state prior to any development being brought forward on the plots. The formation of the Leaside Link Road will require the demolition of the western portion of the BOC warehouses and the remediation and earthworks within Zone 4 will require the demolition of the eastern portion of the BOC warehouses.

There are a number of land ownership rights across the extent of HIF works to be resolved to enable delivery which will be subject to ongoing negotiation and ultimately a Compulsory Purchase Order (CPO) to acquire if required. The planning application will provide key evidence base for any CPO and our programme has been aligned to be in place in time for the CPO inquiry. This is a programme risk element which will need to be continually monitored.

2. Full Planning Application – WAML Pedestrian/Cycle Bridge (HIF linked)

The proposed WAML pedestrian/cycle bridge has been separated from main HIF works application given its separate location and delivery requirements including the specific programme of negotiation required with Network Rail.

3. Outline Planning Application – Housing led mixed use development in development Zones 2 (part), 4, 5.

The development zones proposed to be progressed via an outline planning application are Zone 2 (part - named 2c), Zone 4 and Zone 5. These have been identified as development zones which HIF infrastructure works will directly enable via access, servicing and remediation works and are fully within LBE ownership and subject to a supportive planning policy designation. It is proposed to link development in all three zones within a single outline planning application. This enables the proposed mix of uses, tenure and community infrastructure to be balanced across the whole as a comprehensive sub-masterplan and the planning assessment to be made on that basis.

- Zone 2c

Zone 2c relates to the former National Grid gasholder site now owned by LBE and adjoining land. Zone 2c has the capacity to deliver approximately 300 residential units and is proposed to form part of Phase 1 of housing delivery at Meridian Water. A developer procurement process is soon to be initiated for this site with an ambition to deliver a 100% affordable housing scheme. The early delivery of a planning permission on this site is therefore key to Phase 1 delivery. In the current masterplan the plots northern extent is defined by the Leaside Link Road and as a result also includes a segment of IKEA land ownership which has been assumed as transferring to LBE along with ownership of the Leaside Link Road. The alignment of this road is currently subject to further testing and if aligned to avoid IKEA land (a delivery preference), the Zone 2c site would be reduced in extent to only that in LBE ownership. The site is understood to be subject to an overage agreement with National Grid.

Ⓐ HIF Infrastructure Works Planning Application

Ⓑ WAML Pedestrian/Cycle Bridge Planning Application

Ⓒ Outline Planning Application - Housing led mixed use development in development Zone 2 (part), 4 and 5.



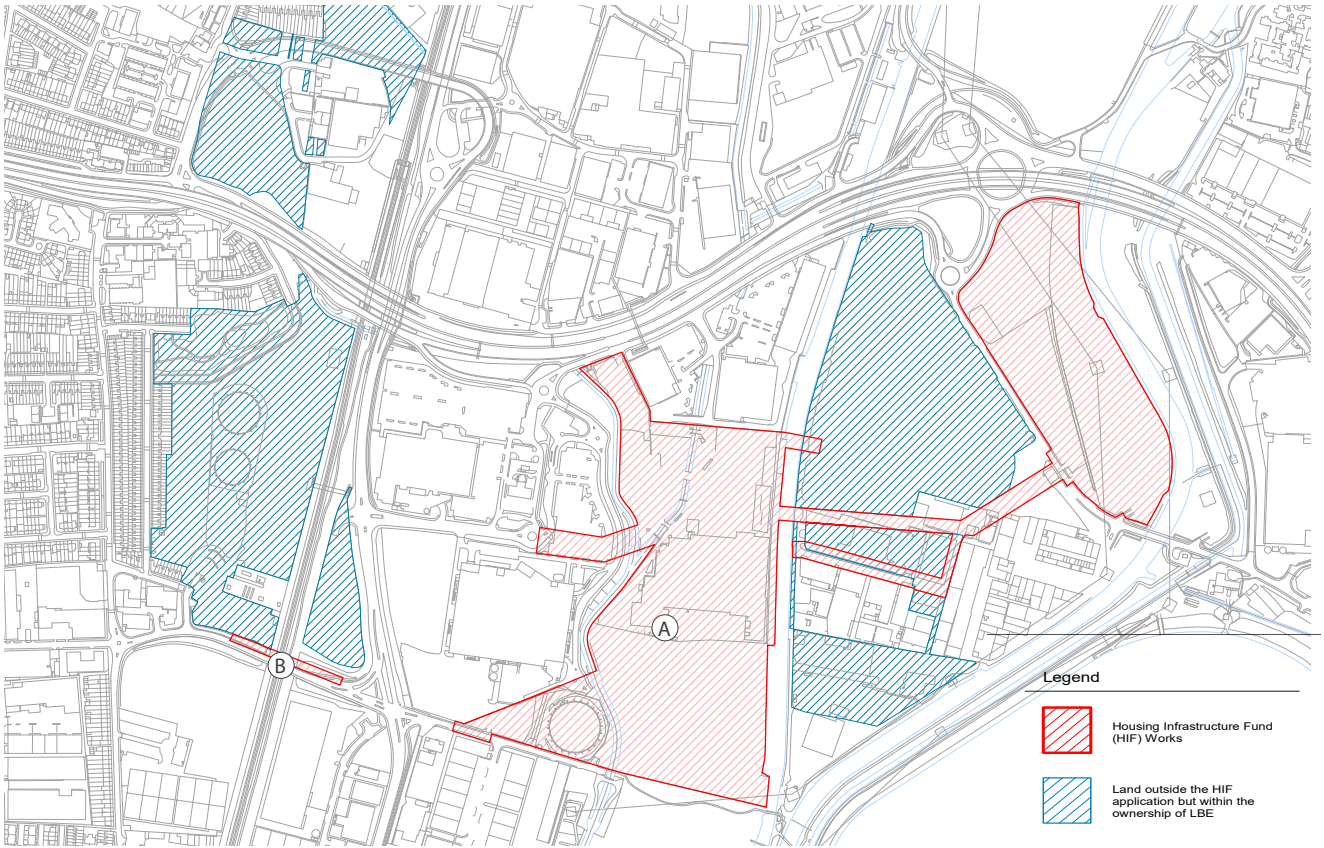


Fig 2. HIF Planning Application

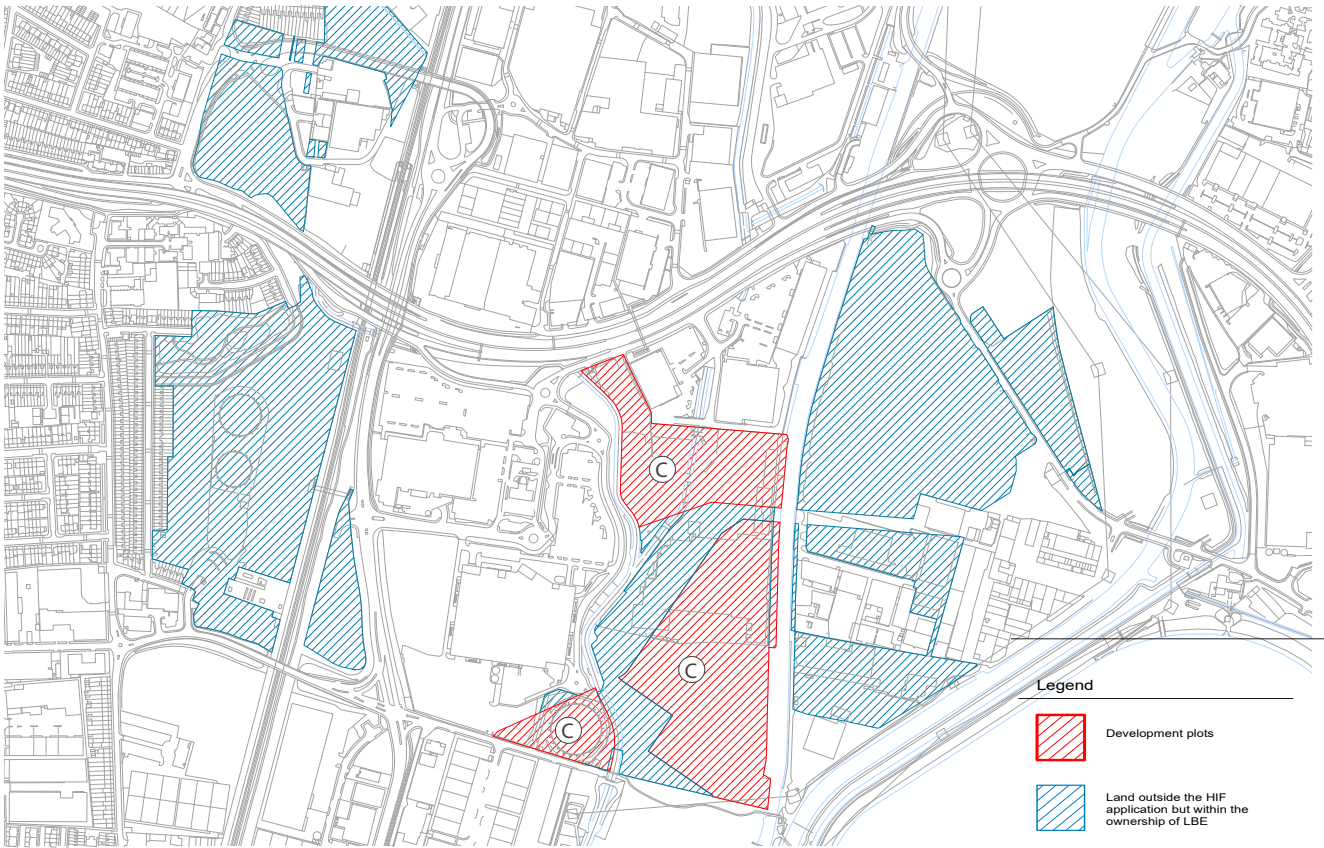


Fig 3. Development Plots Application

- Zone 5

Zone 5 comprises the northern portion of the Orbital Business Park which has a development capacity of approximately 670 residential units. This development capacity is calculated on the assumption that Orbital Site 1 fronting the North Circular is used for non-residential development to act as a buffer. The masterplan phasing strategy identifies Zone 5 as comprising phase 3 of the development to follow or run concurrently with development on IKEA/Tesco's land.

- Zone 4

Zone 4 comprises the southern portion of the Orbital Business Park and the 'IKEA Clear' site which has a development capacity of approximately 1,620 residential units. The Orbital Business Park is subject to the 'Dwyer Option Agreement' and the 'IKEA Clear' site is understood to be subject to an overage agreement with IKEA. The masterplan phasing strategy identifies Zone 4 as comprising phases 3 (part), 5 and 8D developing southwards from the Causeway. The southern portion of the Zone is identified as a late phase to reserve the ability to maximise development potential if the power pylons to the south of the zone can be diverted or buried at a future date. The sub-masterplan for this zone and siting of required community facilities is still in development and the proposed planning application redline in Zone 4 can be adjusted to reflect the final phasing approach.

#### Planning Obligations

Overall an approach similar to Phase 1 (ref. 16/01197/RE3) will need to be adopted regarding planning obligation requirements. This approach was to grant consent subject to a Grampian condition restricting development until a non-LPA freeholder has entered into a s106 agreement in a form which has been agreed and appended to the decision notice. This allows for certainty over what the obligations will be because the document will already be drafted. This approach will need to be reviewed in light of any strategy for LBE to retain plot freeholds interest going forward.

The condition wording used for Phase 1 is as follows:

*"No development shall take place on any part of the xx Site (save for xx) unless and until all parties with a legal interest in the relevant part of the xx Site have entered into a planning obligation pursuant to Section 106 of the Town and Country Planning Act 1990 (as amended) in accordance with, and substantially in the form of, the draft agreement appended to this decision notice."*

The structure of this will require further discussion as the site may be transferred to a number of different development partners and thus a drafting of a s106 agreement(s) to reflect each sub-zone may be appropriate to reflect differing obligations.

#### Dwyer Option Agreement

LBE purchased the Orbital Business Park subject to an option agreement with the seller Dwyer Property. The agreement provides for Dwyer or successor in title to purchase back a defined plot of 1.1 acres (see Fig 4) prior to December 2027. The agreement allows for relocation of the plot in the vicinity subject to certain conditions and valuation parity being met and while this has been explored previously it is currently assumed that this is not the preferred approach. The masterplan for block layout in Zone 4 is currently being developed and this may highlight the need to agree minor plot adjustments with Dwyer to ensure good masterplanning. Under the terms of the agreement, LBE are required to obtain a "Satisfactory Planning Permission" including no onerous conditions by 22nd December 2019. The proposed programme for the submission of the outline planning application covering Zone 4, seeks to achieve planning permission by Spring 2019, in advance of this target date. If it was required a reserved matters application for the Dwyer plot could be progressed immediately on approval of the outline permission during the remainder of 2019.

Under the terms of the agreement, the approval of Dwyer to the content of the application is required prior to submission and engagement at regularly intervals in its development. The agreement does not preclude the planning permission being in outline form. The agreement stipulates that the permission for the Dwyer plot must:

- Provide private residential units with a total Net Saleable Area of at least 130,000 sq ft with ancillary parking for at least 75 vehicles;
- That the Council is obliged to cover section 106 Contributions and CIL (Planning Gain) in the first instance subject to a pro-rated contribution from Dwyer capped at £2,500 per unit;
- That there are to be no onerous conditions on the plot including:
  - No affordable housing requirement within the plot
  - No phasing obligations or limitations
  - No affordable housing adjoining or opposite the plot

(\*this is not a full summery of the terms of the agreement)

The second target date of the agreement is that by 21st December 2023 that the Dwyer plot should be fully serviced and remediated.

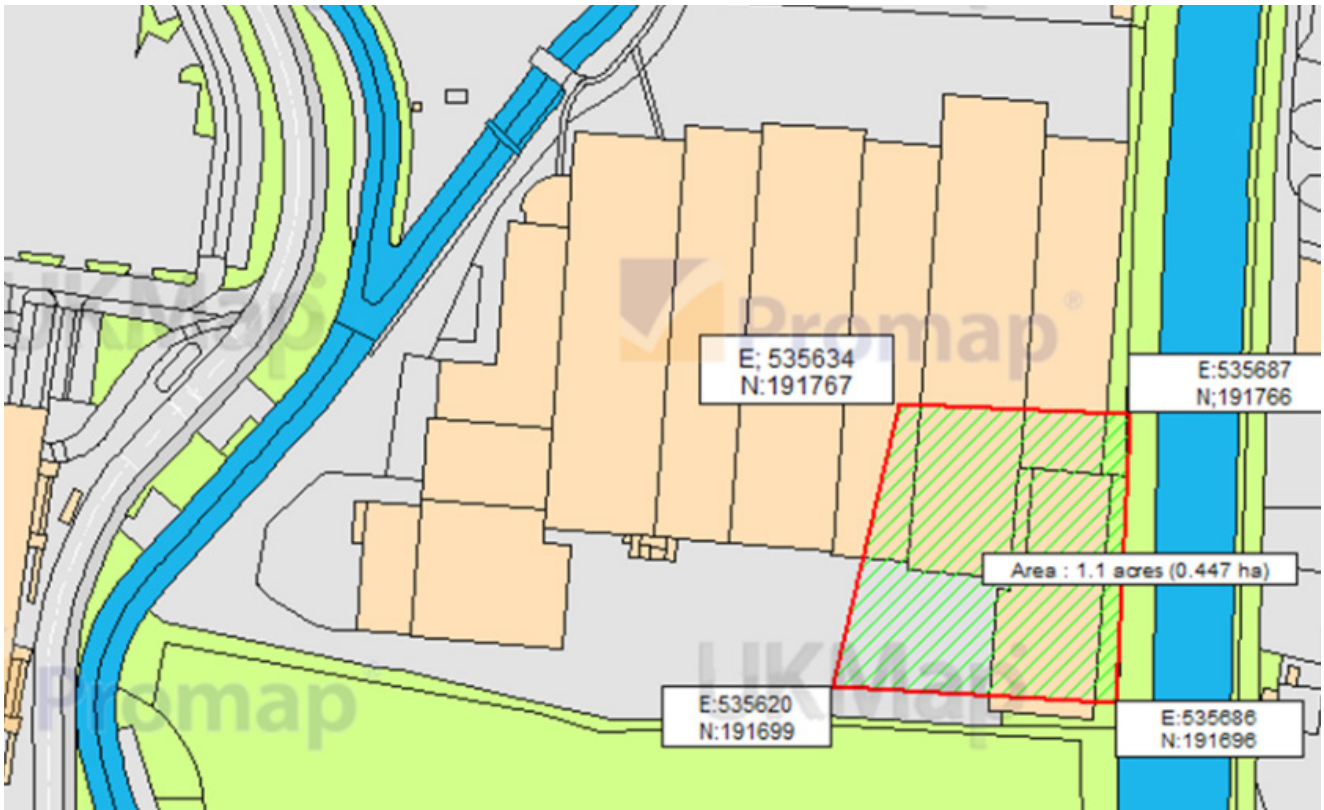


Fig 4. Dywer Plot



Masterplan 1A			
Parcel	Area (Ha)	Density (U/Ha)	Units
1	5.75	250	1,440
2a	1.11	450	500
2b	1.95	450	880
2c	0.74	400	300
3a	2.0	400	800
4	4.62	350	1,620
5a	0.88	350	310
5b	1.03	350	360
6a	2.35	250	590
6b	5.67	200	1,130
7a	4.62	300	1,390
8a	2.47	300	740
<b>Total</b>	<b>33.2</b>	<b>302</b>	<b>10,050</b>

Masterplan 1A - Ikea and Tesco stores remain.

- Developable land (excluding master developer work)
- Employment land

Fig 5. Indicative Plot Density

We have considered options for meeting the Dwyer agreement as follows:

Option 1 (as described above): The Dwyer plot is included within a wider outline application and therefore addressed as part of a comprehensive masterplanned approach.

The application would indicate sub-zones with an associated description of affordable housing % so as to ensure that the Dwyer plot is clearly identified as providing 0%. In addition, a condition can be sought to ensure that development proceeds in a sequence that delivers Zone 2c first and thus provides for affordable housing upfront. Likewise, a condition will likely be required to ensure that key infrastructure to be delivered in the HIF application is available for the scheme at a particular stage or before the scheme is brought into use. This approach would be encapsulated in the draft s106 which would specify that certain planning obligations arising relate only to sub-zones of development. This effectively partitions the development site so that liability is limited to discrete parts of the whole development area.

#### Example Zonal Split

	Units	Affordable Units	
Zone 2c	300	100%	300
Zone 5	670	25%	167.5
Dwyer	170	0%	0
Zone 4	1450	35%	507.5
	2590	38%	975

Option 2 (alternative): Splitting out the Dwyer plot via a stand-alone planning application for the Dwyer option agreement plot and submitted in tandem with a separate planning application for the remainder.

The requirement for the application to exclude affordable housing would mean that an application for the Dwyer plot alone would not be policy compliant and as such needs to be assessed as part of the tenure balance of a wider scheme or be linked to a donor site. The proposal to deliver Zone 2c early as a 100% affordable scheme provides an opportunity to provide a donor site and off-set this difference at an early stage. Zone 2c could act as a donor site specifically referenced within a draft S106 legal agreement associated to a permission on the Dwyer Plot. This approach is however difficult to achieve given that LBE can't enter into a s106 agreement with themselves and thus a s106 would need to be signed by both future freeholder owners of the Dwyer plot and Zone 2c. The timings of, and agreement to this are unknown and difficult to align.

#### Alternative Options

Consideration has been given to bringing forward an outline planning consent for the entire or majority of the masterplan. This has not been progressed given the uncertainties regarding the progression of the ELAAP and the proposed de-designation as Development Zone 6 and 7 as a Strategic Industrial Location (SIL). In addition, the majority of Development Zone 2 and 3 is outside the control of LBE and any proposal within a planning application would likely be at odds with proposals of the major landowners concerned (IKEA, Tesco's, British Steel Pension Fund).

Consideration was given to a Hybrid Planning application addressing the infrastructure works in full and the development plots in outline within a combined application. As a result of discussion with the local planning authority it was determined that the different elements should be twin tracked rather than combined to de-risk the commencement of the infrastructure works from the potentially longer lead time required to reach a resolution on the development plots. Twin tracking aligns with the sequential phasing of these works and just requires the applications to be very clear on the independencies between each. The objective of the application will be that the HIF works package is self-contained and not reliant on the delivery of other works. The plot development application will include requirements for relevant infrastructure which provides access to be provided prior to commencement or occupation.

#### Environmental Impact Assessment (EIA)

It is proposed that a single EIA is developed to provide assessment of the combined impact of both applications. This approach will be tested and confirmed through the EIA scoping process. We are taking a low risk approach to EIA surveys and are commencing ecology surveys now to inform the work.

#### Other Planning Applications

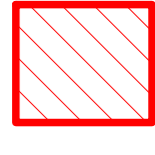
Other planning applications are also proposed to be progressed within Meridian Water in the next period for the following:

1. Teardrop Site Meanwhile Use
2. Employment Hub / UK Fashion Hub Building(s)
3. Other Meanwhile Interventions

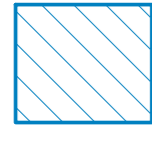
These proposals are all consistent with the existing planning framework for the site and masterplan integration work is ensuring their compatibility with the HIF works.

# APPENDIX A DRAFT PLANNING APPLICATION RED LINE DRAWINGS

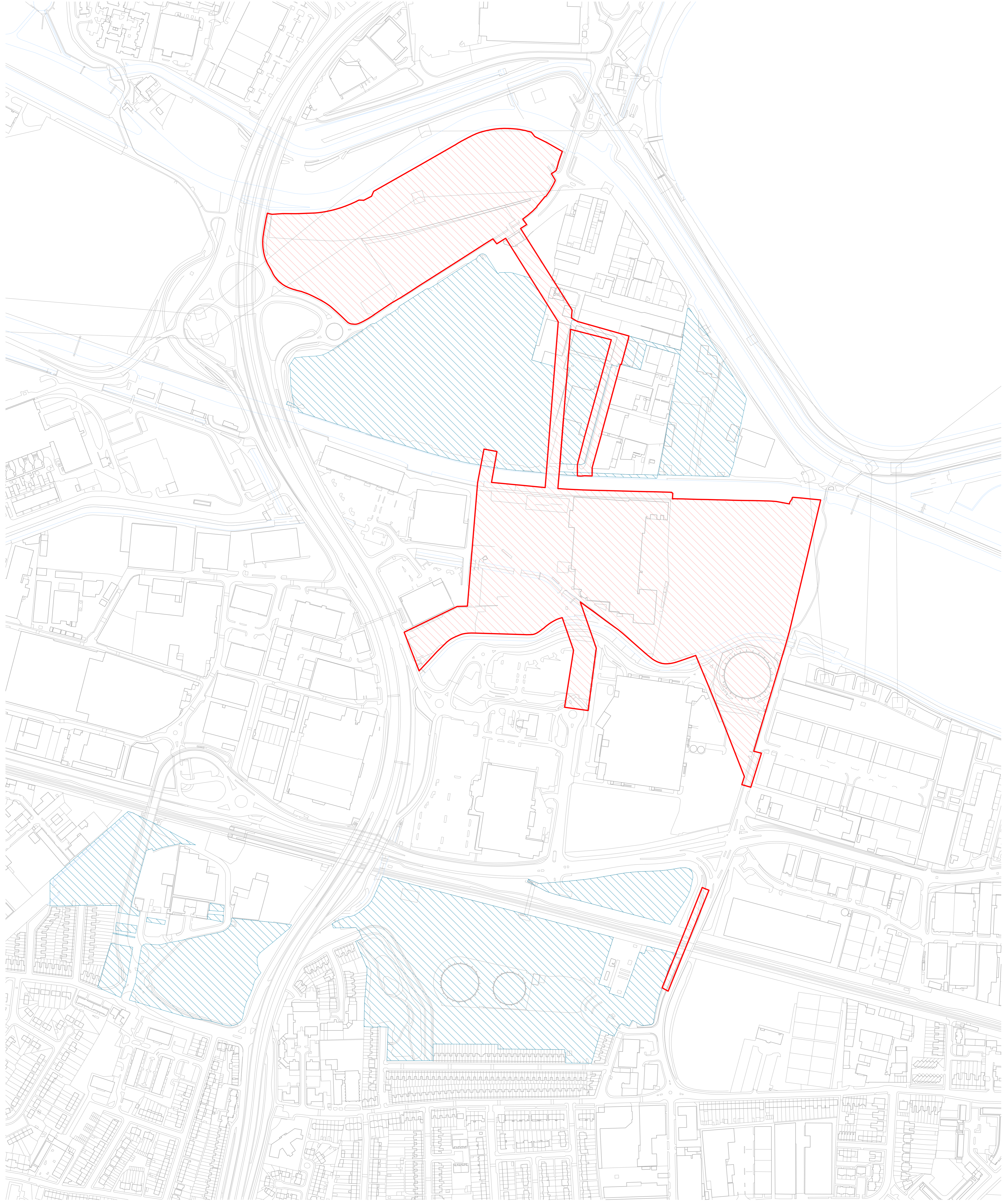
Legend



Housing Infrastructure Fund (HIF) Works



Land outside the HIF application but within the ownership of LBE



01	Draft	15/06/18	Date
00	Draft	06/06/18	Date
Rev	Reason for Issue		

SKETCH

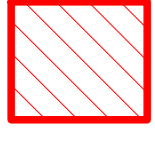
Karakusevic Carson Architects

Meridian Water Strategic Infrastructure

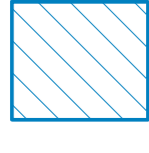
HIF Planning Application Boundary

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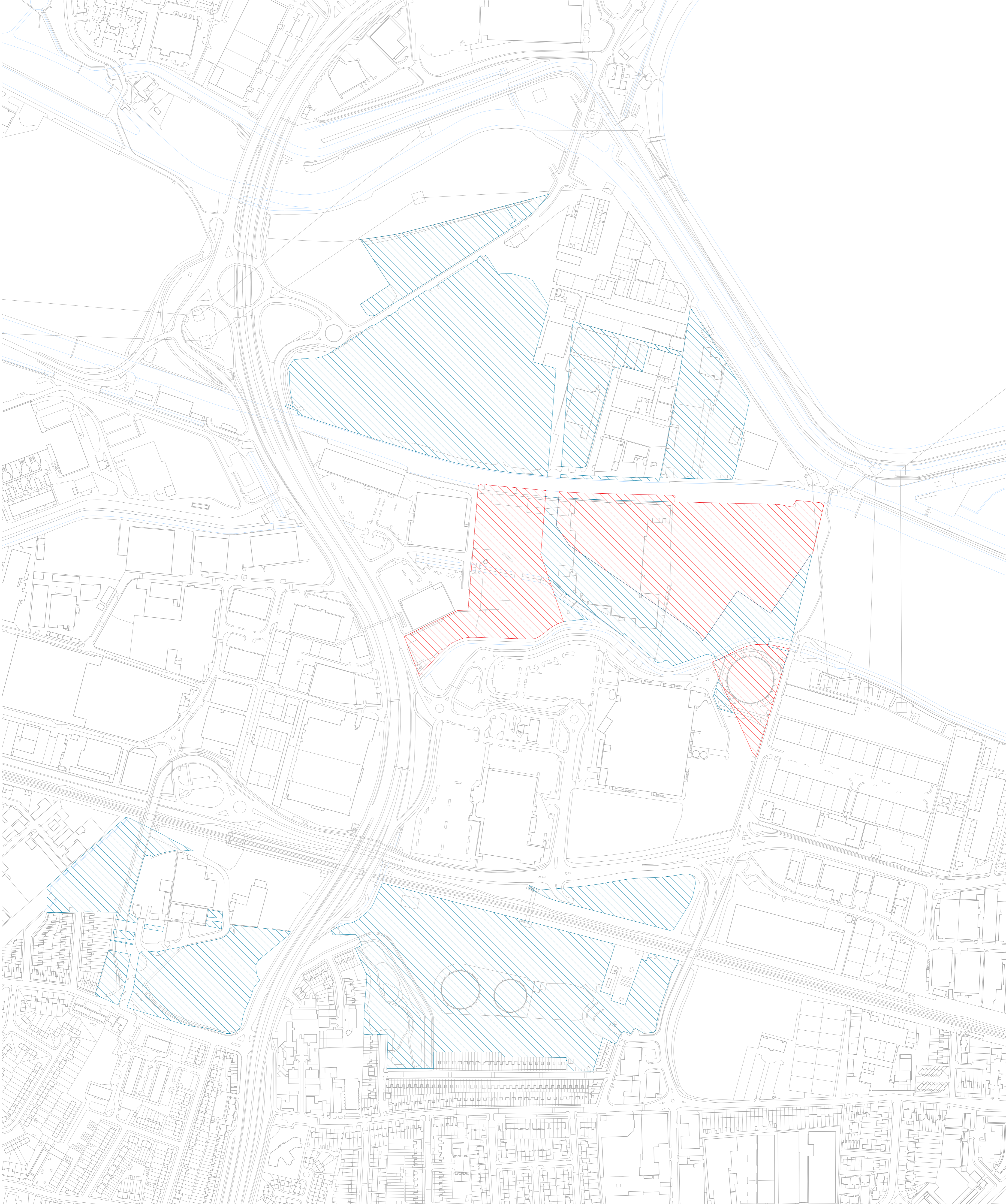
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Development plots



Land outside the HIF application but within the ownership of LBE



01	Draft	15/06/18
00	Draft	15/06/18
Rev	Reason for Issue	Date

SKETCH

Karakusevic Carson Architects

Meridian Water Strategic Infrastructure

HIF Development Plots

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15/06/18	RM
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## Soft Market Testing Report for Meridian Water Infrastructure Works

<b>Project</b>	Meridian Water Infrastructure Works
<b>Client</b>	London Borough of Enfield
<b>Date</b>	6 July 2018
<b>Prepared by</b>	David Howson / Stuart Riley

Revision 1



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## 1.0 Introduction

Stace have been instructed by the London Borough of Enfield (the Client) to carry out a contractor Soft Market Testing exercise to explore the potential competitive tendering of the Meridian Water Infrastructure Works (MWIF) which are public works and valued at circa £67m. This approach is being explored as a potential alternative to the use of the existing SCAPE framework. The key aim of the soft market testing exercise was to establish the following:

- A list of potential contractors who would be interested in competitively tendering for the works via an OJEU procurement route.
- Technical capability of each contractor.
- Financial capacity of each contracting organisation.
- Contractor relevant experience.
- Operational capacity.
- Office locality to the proposed works.
- Detailed information regarding the contractors' relevant project experience.
- Initial contractor feedback on the envisaged concept design and scope of works for the Stage 1 works.
- The key project risks to be addressed and managed/allocated before tendering the works.

This report sits alongside and should be read in conjunction with the Stace Procurement Review report.

Note: Due to confidentiality the contractor names have been removed from this report under revision 1.

## 2.0 Background Information

### 2.1 Procurement Review and Key Issues

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The Client has engaged Stace to review the appropriate procurement options for the tendering of the works in the current construction market. The key points that the Client and Stace have agreed to consider are:

- a. Value For Money. As a public body LBE has a requirement to ensure Best Value, in terms of cost, programme and quality, is achieved from the procurement process i.e. ensuring competitive tendering of the works and delivery within the HIF funding programme parameters.
- b. Programme. The Client has made an application for Housing Infrastructure Funding in parallel with the development of the design of the works. A key requirement is the expenditure of the £67m budget by March 2021.
- c. Transparency; The Client needs to demonstrate the process adopted is open and actively engages with the market to produce the Best Value solution in terms of procurement, design and delivery.

### 2.2 SCAPE

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The Client currently utilises the OJEU procured SCAPE Contractor Framework that has a value banded tier system that dictates the contractors who can be appointed for works of certain values. Under SCAPE there is only one contractor available to deliver these works due to the applicable works values band.

This presents a potential conflict for the Client in ensuring Value For Money and Best Value are demonstrated as it potentially limits competitive tension in the procurement of the main contractor i.e. there is only one available via SCAPE. We understand that LBE may have concerns over SCAPE due to several recent projects that LBE procured via that route.

### 2.3 Design Status and Programme

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ARUP are engaged as the lead designer for the works and are currently designing the works with a view to completing RIBA Stage 2 Concept Design Information by the end of June 2018. This will be followed by a further design process, to achieve RIBA Stage 3 Developed Design for a planning application in January 2019. This is running concurrently with the procurement review process and as such would allow sufficient time for either an OJEU procurement route or a SCAPE process, although the latter would provide the benefit of contractor engagement, on buildability, during the design process. This final point has been addressed in the Soft Market Testing process, as described in the following sections of this report.

## 3.0 Soft Market Testing

### 3.1 Approach

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1. In conjunction with the Client, Stace have agreed a long list of 18 potential contractors who have relevant technical skills and relevant experience of projects that are similar to the MWIF works.
2. Stace prepared a Soft Market Testing Project Brief, that provided an overview of the scope, programme and financial details of the project. This was issued to all the contractors 11<sup>th</sup> May 2018, with the contractors being required to express their interest, in writing, via a formal Expression of Interest response by 18<sup>th</sup> May 2018.
3. Stace received 6nr formal Expressions of Interest responses from the contractors. A further 3nr contractors expressed their interest and the remaining 9nr contractors declined further involvement due to their current capacity/workload, geographical location, scope of the work or gave no further reason.
4. The 9nr contractors who had expressed an interest, were then invited to a series of Soft Market Test presentation meetings held week commencing 21 May 2018. The agenda along with notes taken by Stace at the meetings can be found in the Appendices to this report.

### 3.2 Soft Market Testing Presentation Meeting Notes

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The following is a synopsis of the meeting notes taken during the Soft Market Testing presentation meetings following an agenda which was agreed with the Client prior to the issued of the Project Brief.

#### Contractor A

##### Meeting held 24<sup>th</sup> May 2018 at 10am at ARUP's office

- Currently delivering the infrastructure for 10,000 homes for a developer which is a live site with a high degree of interfaces with multiple stakeholders.
- A have a soil washing facility and have acquired £1m of Soil Remediation Plant allowing them to have on site “Soil Hospitals” to remediate soil in-situ and re-use the remediated soils on site. A offered to take ARUP and the Client to visit their soil washing facility.
- A stated that they feel the envisaged works are deliverable within the current programme dates i.e. by 2021 HIF deadline.
- A stated that there is a risk of designing in over capacity in the utilities design for 10,000 units as the current final number of units is unknown which could increase costs.
- A stated the design should allow for free access within a 100m of the district heating networks as this a key risk in delivery of the secondary network.
- Thames Water diversions have a long lead in and early engagement should be prioritised in A's experience.
- A have their own in-house recycling centre at Wembley in close locality to the site should soils and waste need to be exported and recycled.
- A are open to risk sharing strategy with the Client i.e. regarding HIF requirements for expenditure, remediation and ground risk.
- A stated they would like to see the current Site Investigations information and highlighted that a Phase 2 Site investigation should be prioritised to establish the remediation scope more clearly and optimise the design for future housing works.

### Contractor B

#### Meeting held 3pm 16<sup>th</sup> May 2018 at Enfield Council Offices

- B explained they have capacity on site and would look to move the project team from the Eastwick and Sweetwater SIW project on to this project based on the currently envisaged programme dates.
- B stated they would provide a draft procurement strategy outlining how they would ensure Value for Money from the supply chain.
- B would be willing to engage with sub-contractors outside of their supply chain. However, this would be subject to them being vetted.
- B stated they could provide a project risk and derogation schedule if required but would not be willing to take on all of the risk and a risk strategy would need to be agreed. They would look to take on known risks and share risk where unknown.
- B stated their risk allowances are not governed at corporate level and are tailored to suit the project.

### Contractor C

#### Meeting held 9am 22<sup>nd</sup> May 2018 at Enfield Council Offices

- C stated they have in house remediation specialists who could review and optimise the remediation design and strategy to maximise Value For Money.
- C would be happy to have ARUP novated to them or alternatively employ their own design team, but highlighted ARUP's novation could be beneficial in terms of design programme duration.
- C have undertaken a number of infrastructure projects with several Local Authority clients. Details are provided within their Expression Of Interest (EOI) response.
- C have in house M&E design specialists who could implement the design for the utilities and the district heating if required.
- C would be open to risk sharing and asked to see the current risk register.

## Contractor D

### Meeting held 2pm 23<sup>rd</sup> May 2018 at Enfield Council Offices

- D have the capacity to carry out the works envisaged to the required programme.
- D own all their plant which is charged at market tested rates to their projects which they believe ensures best value on large earthworks schemes.
- D employ a Front End Engineering Design (FEED) process to optimise the project design and meet their clients budget prior to the delivery on site.
- D would be happy for ARUP, to be novated, but could achieve savings on design fees if they were allowed to appoint their own design team to implement the scheme.
- Key risk highlighted is the rail bridge interface. Network Rail should be engaged early to reduce delays in design and on site, as Asset Protection Agreements will be required.
- Proposed project team would be allocated 50% but could be increased to 100% if required.
- D agreed a two stage procurement route would deliver Value for Money versus a single stage route.
- D stated they could achieve cost certainty based on an RIBA Stage 3 design.
- D would assess the benefits of self-delivery versus their sub-contractor supply chain on a package by package basis. For example, they have an inhouse steel production company which could design and fabricate the bridges. However, it may be more economical to use a more local supplier as their company is in the north of the UK.
- D have experience of the form of contract and can accommodate contract values up to £400m.

### Contractor E

#### Meeting held 4pm 24<sup>th</sup> May 2018 at ARUP's Office

- E are targeting specific projects not volume workload. Meridian Water is a project they are actively targeting and are very keen to be involved with going forward.
- E have the capability to carry out all the scope envisaged and believe it is achievable within the timescales dictated by the HIF funding.
- E prefer early contractor engagement in the design process to ensure the best Value For Money for their clients.
- E currently work with other local authorities and statutory bodies within the Greater London area and have provided references in their EOI response.
- E sub-contract 95% of their work as they believe this ensures competition and delivers Best Value.
- E would manage both on and off-site project processes.
- E have extensive district heating experience.
- E can provide specialist design advice for ground remediation and stabilisation work.
- E advised that they recently value engineered an infrastructure design under a PCSA process from £15m to £10m to enable the Client to proceed and deliver their project.

### Contractor F

#### Meeting held 2pm 25<sup>th</sup> May 2018 at Enfield Council Office

- F group turnover is currently circa £130m and will be growing to £150m in 2018 including their overseas work in the Middle East.
- F are a fully accredited utilities installer for Gas, Water, Electric and Communications.
- F sub-contract the groundworks
- F highlighted early engagement with statutory providers of the Foul and Storm Water would be essential to manage, a key project delivery risk.
- F have an in-house utilities design capability.
- F would be happy to engage in the OJEU process and currently working on a PCSA with British Land.
- F would be willing to take on ground risk once the Site Investigations are provided, they would also consider clawback provisions in regard to HIF funding once the design and programme are clearly established.



## Contractor G

### Meeting held 9am 22<sup>nd</sup> May 2018 at Enfield Council Office

- G confirmed they were happy with the proposed OJEU procurement strategy and outline programme.
- G stated their division is utilities biased but following internal discussions, they could possibly involve a joint venture partner, possibly with MCLH, Keltbray or others dependent on the size of the packages.
- G would potentially have an issue with ARUP being novated and would assess this based on the design provided at tender stage.
- G highlighted the utilities as a key risk to the success of the project in terms of programme.

### 3.3 Assessment of Responders

Following the meetings and submission of the formal Expressions of Interest (EOI) Stace has undertaken a review of the information based on the scoring table below:

<u>Assessment Methodology</u>	
Expression of Interest Quality	High 5 to Low 1, 0 Not provided.
Forecast Spend % of Turnover	Higher than 50% require detailed financial checks
Turnover Vs Project Value	Scoring Low < 5% = 1 to High >25% = 5
Experience of Works	Scoring 1-5 (5 for experience of all work elements in project scope i.e. roads, flood, remediation, bridges, utilities)
Capacity	Scoring 1-5 (5 for proof of capacity within current workload projection)
Location	Scoring 1-5 (5 strong examples of work in project location and having local office i.e. within 25 miles)
Max Score	25

Stace has scored the contractors based on their Expression of Interest responses as follows:

Ref.	CONTRACTOR	Total Score out of 25
1	A	22
2	B	20
3	D	20
4	E	20
5	H	19
6	F	19
7	C*	17
8	J	16
9	G*	15

\*Declined to provide an Expression of Interest

## 4.0 Conclusions

In order to proceed with a restricted OJEU tender procedure there is a minimum requirement that 5 contractors be invited to tender (ITT), following a pre-qualification process.

Based on the Soft Market Testing responses provided thus far, it is clear that there is sufficient interest and capacity within the market to openly invite tenders from the market via an OJEU procedure (final OJEU procedure to be confirmed).

In terms of next the steps, it is envisaged that the 9nr contractors who expressed an interest, will be kept updated on the development of the design of the works and further feedback will be sought from them on their views on the project designs until such time that a decision is made regarding the procurement route. This will both inform the design process and the delivery programme.

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**Subject** Note on Business Case for LB Enfield Cabinet Paper

**Date** 10 July 2018

**Job No/Ref**

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## 1 Introduction

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The Council is preparing a business case to support its application to MHCLG for £120m from the Housing Infrastructure Fund (HIF). This follows the successful ‘expression of interest’ submitted in September 2017, and will provide more detail on the Meridian Water programme.

The business case is being co-developed by the Council, MHCLG and the GLA, with technical support provided by Arup. It must be submitted to MHCLG by 10 September 2018, for an expected funding decision from November 2018. It will be shared in draft with the GLA at the end of July – followed by a further 6-week period of co-development prior to GLA submission to MHCLG.

The business case is structured around HM Treasury’s standard five-case model. This includes five sections: strategic, economic, commercial, financial and management. In addition, there are sections on the project and options appraisal. A summary of each section’s purpose and content is provided below.

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## 2 The Project

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This will provide detail on the scheme, including the scope of infrastructure works and proposed development areas, as set out in sections 3.2 and 3.4 of this report.

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## 3 Strategic Case

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This will set out the Council’s long-term vision for the area, framed around local and national policy objectives. It will also demonstrate support for the project from local partners and the community.

There will be a focus from MHCLG on the ‘market failure’. That is, why can’t the scheme be delivered by the private sector without public sector intervention? For Meridian Water, this will be framed in terms of three key interventions: development of a coherent masterplan, acquisition of the majority of developable land, and delivery of strategic infrastructure. For each there is a supporting rationale:

- **Masterplan:** There is little private appetite for development in the area given the significant challenges, but it is close to other areas of high housing need and offers a unique opportunity for planned growth close to central London. The full growth potential and highest quality development will be achieved through the development of a comprehensive and strategic (as opposed to piecemeal) masterplan.
- **Land assembly:** The land ownership was previously fragmented, meaning that there was no incentive for any one party to provide the upfront investment necessary to enable development. The Council has now acquired most of the developable land.

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- **Infrastructure:** The scheme is characterised by brownfield sites with poor access by road and rail. In order to unlock market interest (and achieve potential densities) there is a requirement to deliver strategic infrastructure and remediation to unlock housing at scale and pace.

Without these interventions, it is expected that there would be no housing development at all (besides that already being delivered in phase 1 due to previous interventions).

The Strategic Case will also describe the Council and GLA's long-term vision for the area. This will cover:

- **The Edmonton Leaside Area Action Plan:** This sets out the vision for Meridian Water as a new urban neighbourhood, and how it will support Enfield's need for a diverse mix of housing, including affordable housing.
- **The GLA's Lee Valley Opportunity Area:** Meridian Water is located at the heart of an opportunity area which is expected to deliver a total of 21,000 homes and 13,000 jobs. The draft new London Plan highlights the four-trains-per-hour service as a crucial enabler of this growth, whilst in the longer-term Crossrail 2 will unlock the Lee Valley's full potential.
- **The London-Stansted-Cambridge Corridor (LSCC):** Meridian Water also sits within the LSCC, and has been identified as a strategic site with unique potential to provide high-quality and competitive workplaces to meet the needs of existing and future technology-based and life sciences industries.

## 4 Options Appraisal

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The business case must set out all the options that have been considered, to demonstrate that the preferred option represents the best value for money. This must include a 'do-nothing' option, which is a reference point against which other options are compared, and an option with reduced HIF funding.

These three options have been constructed by considering options for different elements of the scheme, including:

- **Procurement options:** The Council has extensively explored delivering the infrastructure works through a master developer approach, rather than funded up-front by the public sector, as set out in section 4 of this report.
- **Roads and remediation options:** The Council considered the potential to deliver only the strategic infrastructure for early phases up-front, with future requirements funded from alternative sources. This is less efficient due to the inter-connected nature of the phases, and carries significant extra risk that the homes would be delivered more slowly, or not at all.
- **Rail options:** Different rail options have been considered, from minor infrastructure improvements to achieve a limited 4tph shuttle service, through to four-tracking to achieve a resilient 6tph service.
- **Masterplan options:** A wide range of masterplan options have been considered by the design team, with the preferred masterplan being chosen to optimise housing delivery and quality of place.

**Subject** Note on Business Case for LB Enfield Cabinet Paper

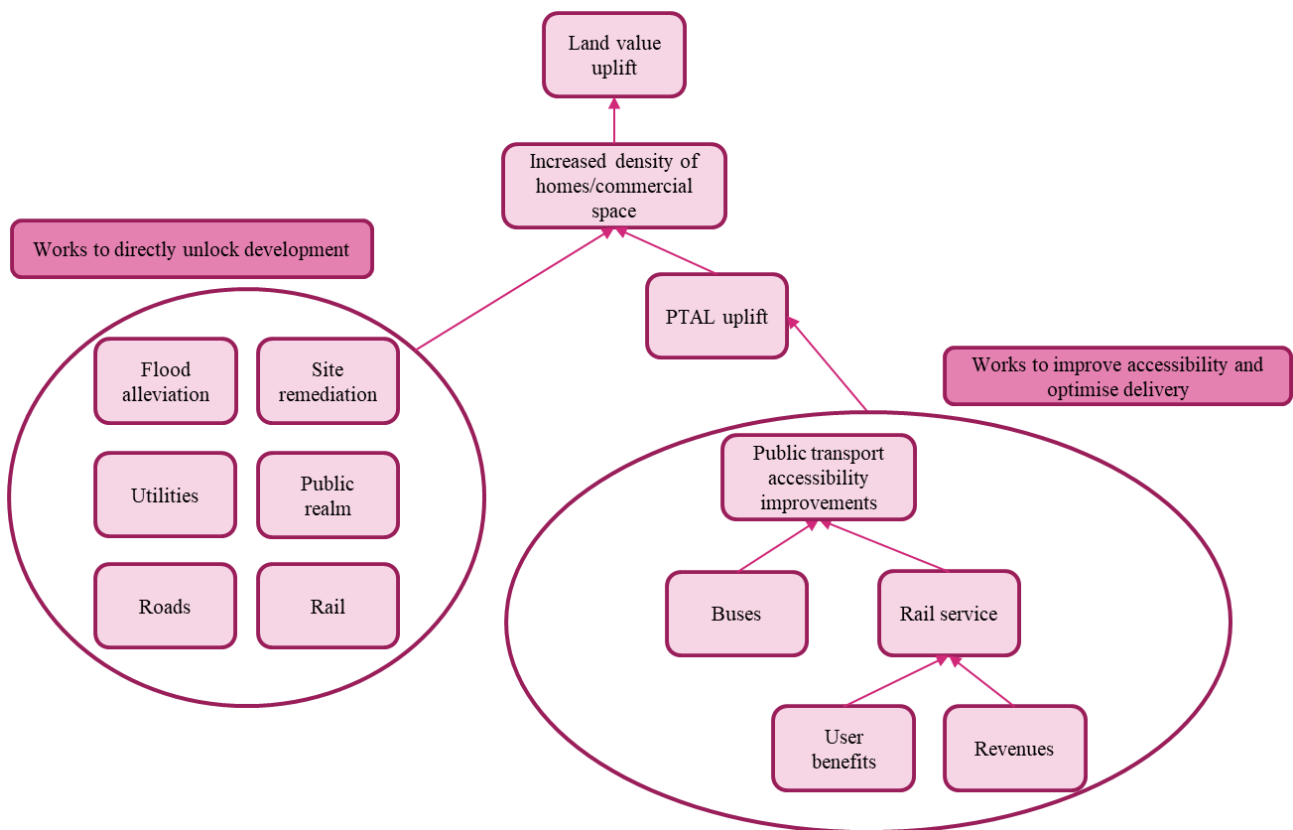
**Date** 10 July 2018

**Job No/Ref**

## 5 Economic Case

This will assess the value for money of the proposed investment. It will look in detail at the full HIF (preferred) option, the reduced HIF option, and the ‘do-nothing’ option. Arup has been appointed to develop an economic model which will quantify the costs and benefits to society of each of these three options.

The benefits are primarily captured through ‘land value uplift’ – the change in land value that is achieved through a change in land use (in this case from industrial to residential). This in turn is driven by works that improve accessibility and other works that directly unlock development, as illustrated below.



The land value takes into account development costs and profits, drawing on the same information that is being used to assess the financial viability of the scheme. However, as the economic model is assessing benefits to society rather than financial viability, certain assumptions are different. For example, affordable housing is valued at full market value rather than the rate at which it will actually be sold.

All benefits and costs will be discounted to 2018 values. They can then be compared to give a Net Present Public Value (NPPV) and Benefit Cost Ratio (BCR), as set out in section 3.3 of this report. This is important to demonstrate that the scheme offers good value for public money.

**Subject** Note on Business Case for LB Enfield Cabinet Paper

**Date** 10 July 2018

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## 6 Commercial Case

This section will demonstrate an effective route to delivery. It will outline the GLA and the Council’s understanding of the local market, including analysis of market absorption and sales rates, average house prices, comparable schemes, and local demographics. It will also show that the Council has a credible procurement strategy. As set out in section 3.5 of this report, STACE has been appointed to support soft market engagement with contractors and help inform the approach to contractor procurement.

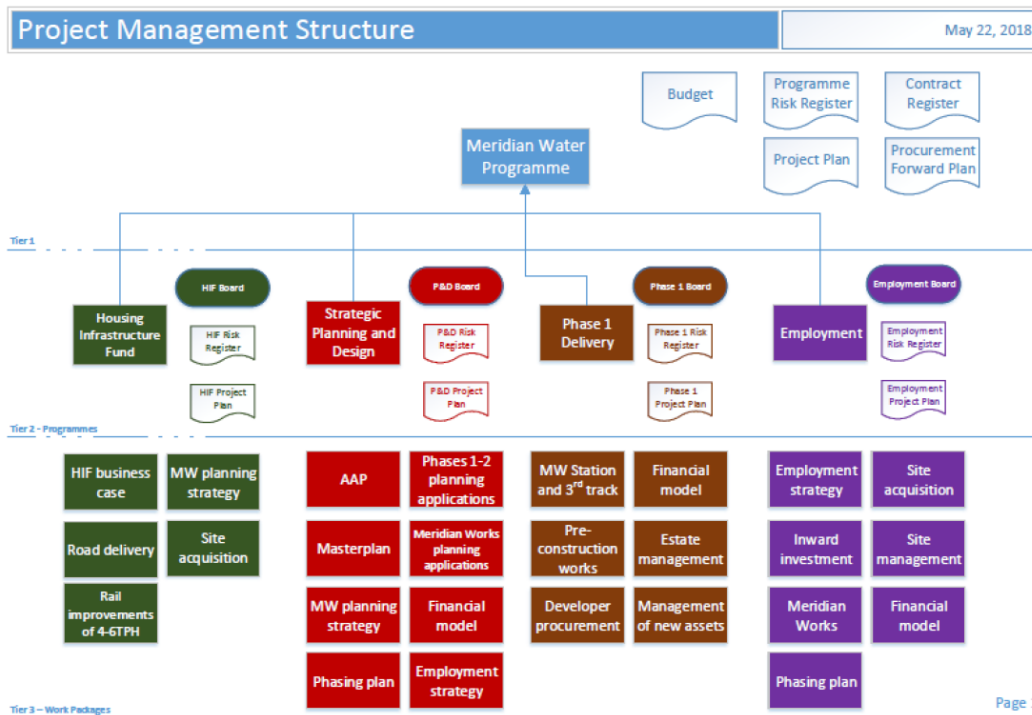
## 7 Financial Case

This will set out the project’s cost, funding sources and timelines. It will consider both HIF funding and other funding needed to deliver the houses, as well as options for recovering the funding. For Meridian Water, this will be achieved by increasing the land values of Council-owned land, which can then be re-invested into the scheme.

Lambert Smith Hampton has been appointed to develop a financial model that will inform this section of the business case.

## 8 Management Case

This will outline the Council’s proposed plan for delivering the infrastructure and homes, including how it will work with key delivery partners and how risk will be managed. It will provide more detail on governance and resource arrangements, as set out in section 3.6 of this report, and will explain the project management structure as illustrated in the diagram below.



**MUNICIPAL YEAR 2018/2019 REPORT NO. 35**

**MEETING TITLE AND DATE:**

Cabinet – 25 July 2018

**REPORT OF:**

Executive Director – Place

Contact officer and telephone number:

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Agenda - Part 1

Item: 15

**Subject: Meridian Water Employment Approach****Wards: Upper Edmonton****Key Decision No: 4717****Cabinet Member consulted: All Cabinet Members****1. EXECUTIVE SUMMARY**

- 1.1 The strategic priority for Meridian Water to secure thousands of high quality jobs offering higher salaries has been a long-time ambition for the Council. This report seeks to begin to describe the emerging Meridian Water employment vision and recommends activating employment uses across a number of sites to secure both permanent and interim employment opportunities in order to begin to realise the first stage of the employment strategy. These ambitions are closely aligned with the emerging Meridian Water Place Charter.
- 1.2 The Meridian Water Programme Update report (KD:4033) on the same agenda identifies three sites for the delivery of permanent uses; two for residential and one site for employment. This report sets out the objectives of the employment site and explain how it fits into the employment vision.
- 1.3 The development of a meanwhile programme for Meridian Water is an important first stage of developing and curating a new economic vision for the area. Meanwhile activities are driven by the twin needs to provide an important income stream to the Council, as well as making a new place and an area of commercial activity to underpin the project.
- 1.4 This report recommends continuing with an existing meanwhile project, leasing land directly to a qualified company to deliver two more meanwhile projects, and marketing leases for the balance of the Council's land holding to deliver further jobs and income. The successful leasing of land at Meridian Water will result in the entirety of the Council's land holding being used for permanent or interim uses. These activities will enable the Council to achieve the aims of meanwhile uses at the site, deliver on short-term employment priorities, and pave the way to achieve the long-term employment ambitions for the project.
- 1.5 Finally, the report includes the latest land acquisition proposal of 4 Anthony Way, as part of the Council's ongoing land acquisition programme.

## 2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Note the Meridian Water Employment principles described within this report, including agreeing the aims and objectives of both the short and long-term visions and priorities, and to note that the Meridian Water employment strategy will be taken to Cabinet later in 2018.
- 2.2 Authorise proceeding with the short-term employment and meanwhile projects, and associated expenditure and procurement of services and work, described within this report and appendices for sites for Creative Entrepreneurs, the Sheds and Teardrop and part of the Stonehill site. This includes:
  - Endorsing the overall approach identified by Creative Entrepreneurs, the Sheds and the Teardrop site;
  - Approving Option 3 to invest £4.2m from the Meridian Water Capital budget to kickstart Meridian Works One, with the expectation that at least £2m will be recouped from 3<sup>rd</sup> parties including GLA grant in line with previous approvals of this project. This would be funded from the existing approved 2018-19 capital budget of £49.3m.
  - Delegate authority to the Executive Director for Resources to approve the Business Plan of Building Bloqs, partner for Meridian Works One.
  - Endorsing pursuing the option to work with the identified commercial venue management partner to develop proposals for the Orbital Business Park Sheds and Ikea Clear Site.
  - Endorsing the option to undertake a compliant leasing exercise to secure a tenant/partner for the Teardrop and Stonehill sites that meets the objectives of the project.
  - Delegating authority to the Executive Director for Place, in consultation with the Meridian Water Programme Director, the Executive Director for Finance, Resources and Customer Service and the Lead Member, to make all implementation decisions within the budget and scope afforded through this report to deliver Meridian Works One and Two and Teardrop and Stonehill.
- 2.3 Accept £150k of GLA development grant funding to fund a detailed feasibility study into developing a fashion manufacturing cluster as part of the proposed permanent employment hub at Meridian Water.
- 2.4 Authorise marketing of leases for Stonehill and IKEA Clear to achieve the Council's short-term employment strategy priorities and revenue target.
- 2.5 Authorise tendering of the Meridian Water site and property management agent for Orbital Business Park, Phoenix Wharf and Harbet Road.



Meridian

**2. RECOMMENDATIONS CONT...**

- 2.6 Approve the decision to purchase 4 Antony Way at the agreed sale price of £2m, noting that the cost can be met from within the existing Meridian Water capital budget, subject to completion of Sale Contract.
- 2.7 Subject to completion of sale, approve refurbishment of 4 Anthony Way, noting the allocation of £500,000 from within the existing Meridian Water capital budget for SDLT, fees and meanwhile enabling works, noting that all money spent on refurbishment will be recovered.
- 2.8 Delegate authority to the Executive Director of Place in consultation with the Executive Director of Resources to authorise the completion of the sale and the procurement and award of any necessary contracts for the refurbishment proposals for the building, within the approved budget (see Part 2 report).
- 2.8 Delegate authority to the Director of Law and Governance to approve any legal agreements as required.

**3. Background****3.1 Purpose of report**

- 3.2 This report is the first of two reports for Cabinet that together will set the employment vision and strategy for Meridian Water.
- 3.3 This report is intended to introduce the emerging employment strategy and kickstart the implementation of the employment strategy by seeking approval to activate employment uses across all the Council's land holding bar the eight hectares identified as the residential sites.
- 3.4 A second report scheduled for later in 2018 will outline the detailed employment strategy and provide an update on the employment-led projects.
- 3.5 This report gives an overview of the council's approach to meanwhile use in terms of strategy and management, as well as asking Cabinet to make decisions to proceed with a number of meanwhile projects. It is important to note that the term 'meanwhile' is used within this report to refer to interim uses of land prior to permanent development. Meridian Water is a 20-25 year plus project so some of these interim land uses may be operational for 10-15 years; however, leases will include appropriate break clauses to ensure flexibility should phasing and masterplan requirements change.

3.6 This report also provides an update on the programme of land acquisition, including requesting a decision for a further addition to the council's land portfolio.

3.7 **Overview of Meridian Water**

3.8 Meridian Water is the council's flagship regeneration programme – with plans for 10,000 new homes and thousands of new jobs delivered over the next 20-25 years, supported by the new Meridian Water station opening in May 2019. The scheme is amongst the largest and highest profile in London. The planning framework and vision for Meridian Water is set out in the Edmonton Leaside Area Action Plan (ELAAP) and is one of regeneration and development - creating new residential communities supported by community and social infrastructure, and stimulating new businesses and commercial investment.

3.9 As defined in the emerging Meridian Water Place Charter, the vision is to *make Meridian Water (and the wider area) a new district in London where people want to live, work and visit*. Within this overarching vision the project has set itself 8 principles to guide how it plans for and delivers the project:

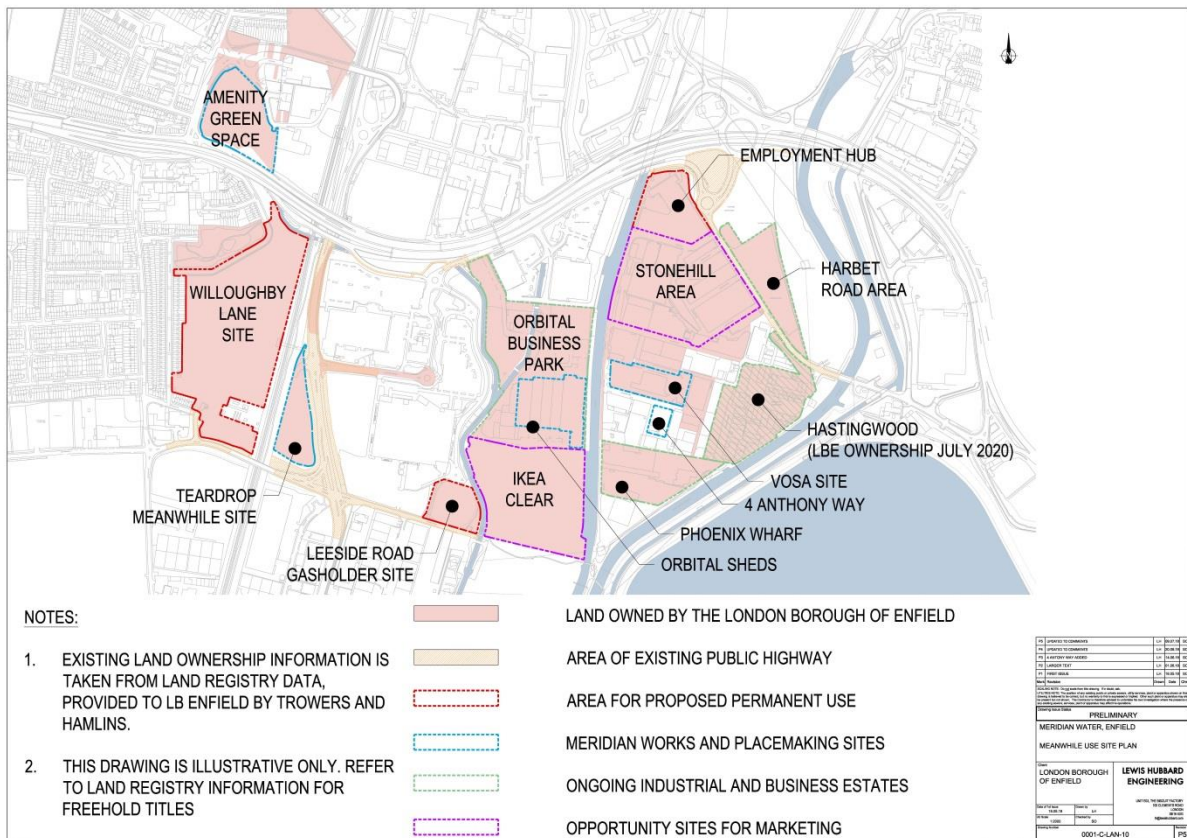
1. Meridian Water will prioritise the benefits for local people and reduce inequality in the borough.
2. Meridian Water will create a thriving new economy at the Lee Valley.
3. Meridian Water will be a memorable place oozing with character, bringing the best out of the existing opportunities.
4. Meridian Water will offer a choice of affordable homes for local people.
5. Meridian Water will make the planet better and create new opportunities for growth as a result.
6. Meridian Water will be a vibrant mixed-use environment, incorporating liveable places to be enjoyed by everyone regardless of ability, income, age and cultural background.
7. Meridian Water will be designed to prioritise walking and cycling by choice - almost car free.
8. Meridian Water will proactively engage and empower communities and continue to grow by responding to the changing needs of local people and society.

3.10 ELAAP is currently under independent examination by an appointed Planning Inspector and once adopted it will secure the statutory planning framework for delivering Meridian Water. One of the most significant proposals put forward in the ELAAP is the removal of designated Strategic Industrial Land (SIL) at Harbet Road. Achieving a high number and density

of housing and jobs means taking a comprehensive approach to land uses within Meridian Water. Land currently designated SIL is far too restrictive in terms of employment type and density potential, and a more flexible approach of mixed use development is required to grow employment and raise the quality of jobs, as well as achieving a high quantum of housing. The council will be defending this position at the forthcoming examination scheduled for October 2018.

- 3.11 A key feature of Meridian Water is the council’s active involvement and leadership of the project. Mostly notably this is seen through the land acquisition programme, where the council continues to buy and prepare the land at Meridian Water for development and undertake other initiatives to bring forward the regeneration of the whole area. The council has recently been successfully shortlisted to bid for £120m of government grant to support strategic infrastructure on the site.
- 3.12 Current land ownership is shown in Plan A. It shows the council owns 35ha of land within the Meridian Water red line, which is 64% of the developable land. Plan B also shows an aerial photograph that gives an overview of the site as currently stands.

**Plan A – Council ownership map of Meridian Water**





### **Plan B – Meridian Water aerial photograph**



#### **3.13 Outline Employment Strategy**

3.14 The employment delivered at Meridian Water will have a vital role to play in achieving the overarching vision of the emerging Meridian Water Place Charter. Most explicitly, the second Place Principle outlines a *thriving new economy* at Meridian Water. Further, other Principles refer to *prioritising benefits for local people...working with existing opportunities*, and... *responding to the changing needs of local people and society*. As per the draft corporate plan, the new jobs created at Meridian Water will be high-skilled, well paid, and accessible for local people. We will work with existing communities and institutions to ensure local residents can access the job market at all levels.

3.15 The Council has employed Lambert Smith Hampton (LSH) to prepare the Meridian Water employment strategy, the outlines of which are set out below. Aside from the links to the emerging Meridian Water Place Charter, the emerging employment strategy aligns to and is supported by a number of supporting strategic plans and evidence pieces including the borough wide knowledge economy strategy, the evidence underpinning the Local Plan, the Enfield Leaside Area Action Plan (ELAAP), the Meridian Water Regeneration Strategy, the Placebook, the emerging Meridian Water masterplan, the emerging Local Plan and the draft Corporate Plan.

- 3.16 The emerging employment strategy identifies the following objectives for Meridian Water (MW) are:
- to generate over 3,000 new high-quality jobs, with the remaining balance of the 6,000 to 7,000 ELAAP target to come from other areas including retail, community, leisure, health and education;
  - to offer new employment opportunity in higher skilled areas, growth sectors and leading to target salary bands being achieved of 30% in 15-25k, 35% £25-£50k, 35% @ 50k +;
  - to enable employment uses to be within mixed-use areas (potentially including residential and community uses) creating a vibrant 24/7 environment that is safe, secure and aspirational for future generations in Enfield;
  - To attract major companies and institutions to relocate to Meridian Water, in addition to nurturing SMEs;
  - To ensure the skills and training strategy focuses on opportunities for local people to access the new jobs;
  - To contribute to wider corporate objectives in the draft Corporate Plan including public health, young people, culture, and a night time economy;
  - To provide the Council with a sustainable revenue income;
  - Complement the marketing of the residential offer; and
  - To support the priorities set out in key Meridian Water strategic plans including: The ELAAP, Placebook and Regeneration Strategy as well as the new masterplan vision.
- 3.17 The research underpinning the Draft New London Plan identifies the following as being the emerging growth sectors in London:
- with the largest concentration of ICT and software firms in Europe, London is the European capital of digital technology and is therefore a focus sector;
  - life sciences are identified as a growth sector which reflects London's research and technological strengths;
  - the higher and further education sector is identified as an area of economic importance due to synergies with both the public and private sectors;
  - the 'green' business sector is expected to build upon opportunities in renewable energy, low carbon technology, waste reduction and recycling;
  - film and media production is identified and receives support through The London Plan and various tax incentives.
- 3.18 Meridian Water is identified in the London Plan as a site of strategic opportunity within the Upper Lee Valley Opportunity Area Planning Framework (ULV OAPF) and the London Stansted Cambridge Corridor (LSCC). The LSCC supports a number of high-end sectors such as life

sciences and digital & IT. Agriculture, food, drink, low carbon activities, manufacturing and precision engineering are also key sectors in the LSCC. The synergy between the growth sectors and the opportunity at MW is already clearly identified.

3.19 These sectors are key to the employment success of MW and occupation by these growing employment sectors will enable MW to fulfil its objectives. However, in order to attract growth industry, MW needs to establish a commercial base which starts to address the domination of logistics and create a more balanced economy at Meridian Water. Consequently, the strategy to attract these growth sectors must be augmented by creating a new place to attract creative businesses, SME's and start-ups who will play an important part in creating this platform of employment activity.

### 3.20 Short Term and Long-Term Priorities

3.21 The short and long-term priorities for employment at Meridian Water are covered in the table below.

Short-term priorities	Long-term priorities
<ul style="list-style-type: none"> <li>• Supporting the overall Meridian Water Regeneration Programme</li> <li>• Delivering Socio-Economic Impact</li> <li>• Creating Positive Stakeholder Impact.</li> <li>• Generate Positive Financial impact</li> </ul>	<p>In addition to the short-term priorities, in the long-term the employment strategy will be driven by the needs of major occupiers, namely:</p> <ul style="list-style-type: none"> <li>• accessibility;</li> <li>• local skilled labour force;</li> <li>• attractive and inspiring local environment;</li> <li>• accommodation available on commercial terms;</li> <li>• clustering;</li> <li>• links with higher education institutions (e.g. life sciences, advanced manufacturing); and</li> <li>• flexibility to grow or rationalise without retaining significant liabilities.</li> </ul>

3.22 In the short-term the sectors of manufacturing, engineering, tech, creative and start-ups along with other SME's referred to above require economical space, fit for purpose and available on flexible terms. As an example, demand from the UK Fashion and Textiles sector will be driven by occupiers

seeking space in the short term in response to being priced out of other London locations.

- 3.23 The long-term strategy includes attracting strategic occupiers to relocate to Meridian Water. UCL, TFL, V&A and the BBC moving to Queen Elizabeth Park, Apple to Battersea Power Station and Imperial College to White City illustrate that occupiers requiring large amounts of accommodation and/or specialised facilities will make major moves providing the required scale of accommodations and amenities are available to them.
- 3.24 Meridian Water has the potential to offer the attributes required by the growth sectors and is generally in a better macro location than many parts of London. The new station, road access and proximity to central London coupled with land area offer a rare and attractive combination that meet two of the key criteria required by these businesses.
- 3.25 The emerging employment strategy recommends beginning to build a commercial occupational base through an ongoing promotion of Meridian Water as a destination for new business on a major scale. The relocation of major companies and institutions can have a 7-10 year lead in period prior to occupation so it is important to start the marketing process early. The report recommends commencing this marketing process later in 2018.
- 3.26 The emerging employment strategy includes an options matrix to test the potential for attracting large scale aspirational occupiers which will be used to evaluate the suitability of occupiers for achieving the objectives of the scheme.
- 3.27 The use options currently under review in the long-term employment strategy priorities are:
- Big box logistics (baseline only, does not meet the Council's aspirations);
  - Large scale education occupier;
  - Urban business park;
  - Life sciences;
  - Advanced manufacturing; and
  - Media / Studio.
- 3.28 Whilst the matrix evaluates these options to identify the optimum mix of uses this is not intended to be prescriptive but rather becomes a tool to guide decisions about the selection of future occupiers. Clearly the Council will remain open to the relocation of any major company or institution that can bring a high volume of quality jobs into the borough. The employment



approach will therefore have to involve a degree of agility, be nimble and reactive.

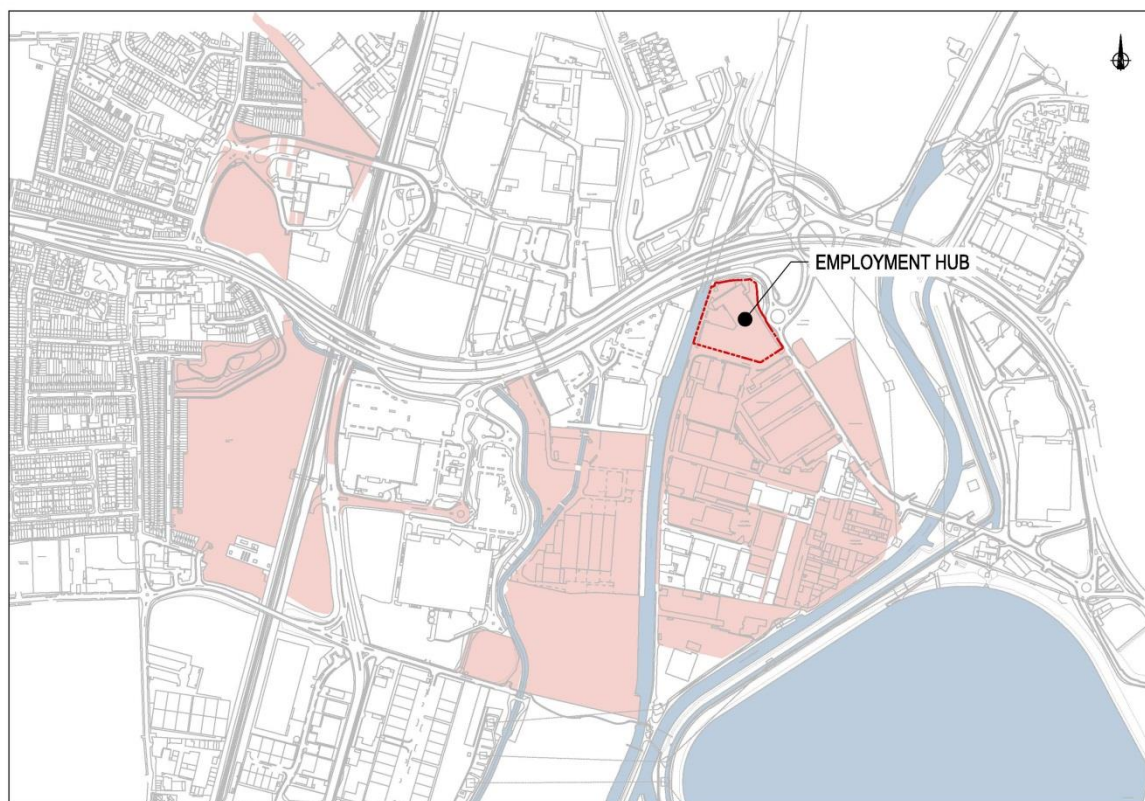
3.29 The output of the options and evaluation matrix will illustrate the employment sectors that best meet the objectives and this information will guide a programme of targeted marketing emphasising why Meridian Water offers a credible and sustainable location for strategic relocation or expansion. The preferred employment led mixed use area has been identified on the east bank (north of the Causeway) and marketing collateral is being prepared that will be targeted to these sectors.

3.30 In addition to hosting a major employment base on the east bank there will be employment uses integrated throughout Meridian Water and once the plans of the third-party landowners becomes clearer there may be the opportunity for a second employment base within the centre of the site towards to the A406.

3.31 **Realising the Short-Term Employment Strategy Priorities**

This report recommends implementation of the short-term employment strategy priorities as described within this report.

3.32 **Permanent Employment Hub**



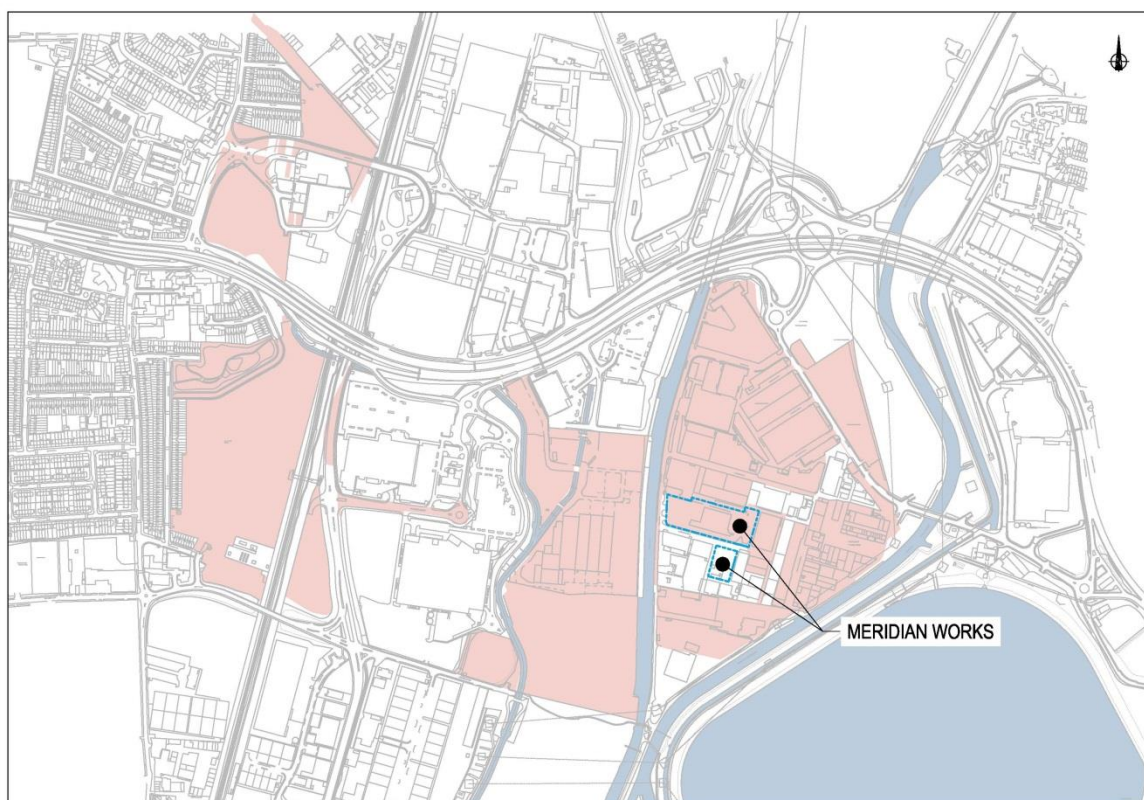
- 3.33 As alluded to in the Meridian Water Programme Update report, the Meridian Water programme is focussed on delivery and is bringing forward, where it can, projects in line with emerging findings. Consequently, that report recommends working up the employment hub proposal in more detail before taking the final proposition to the market later in the year. The aims of the employment hub are described below.
- 3.34 The proposed location of the employment hub is shown on Plan A above. The site has been chosen due to its proximity to the A406 and to the fact that it is positioned on the edge of Meridian Water. Positioning a permanent use in a more central location prior to completion of a masterplan and a business plan setting out the future permanent use of Meridian Water would carry obvious risks.
- 3.35 The employment hub concept has been developed in collaboration with the Council's advisors LSH. They have identified that there are numerous small businesses seeking accommodation (which in some cases are unviable unless affordable accommodation is available) who do not, in their own right, offer sufficient security to encourage institutional investment to develop new accommodation to meet this need. The proposed solution is for the Council to bring forward a new employment hub development totalling around 200,000-300,000 sqft to accommodate a range of businesses.

- 3.36 The employment hub will attract a range of companies in the type of sectors described in the short-term vision above, with the building(s) designed to encourage networking and collaboration. Here East in Stratford is a recent precedent of this type of workspace offer but there are a number of other examples across London.
- 3.37 One sector that officers have had positive discussions with is fashion manufacturing, via the industry body UKFT. A project/partnership has been proposed that would see UKFT co-ordinate the relocation of a number of London's existing independent fashion manufacturing businesses to a cluster hub at Meridian Water. The GLA are supportive of this proposal and have allocated £150k of development funding through the Good Growth Fund (GGF) programme for the Council to cover professional fees to work up this proposition further, with a view to a significant capital bid from the Council to the GLA in due course.
- 3.38 Cabinet should note that it is considered likely that additional investment will be needed from both 3<sup>rd</sup> parties and possibly the Council to deliver fashion manufacturing within the employment hub, as per the delivery options below, and that the acceptance of £150k development funding does not commit the Council to delivering the scheme as envisioned here, but rather a detailed exploration as to how it could work.
- 3.39 The employment hub building(s) will be deliberately designed with large floorplates which enable flexibility of use. It is anticipated that the use of the building will therefore evolve over time and as MW gains critical mass it will be increasingly possible to attract higher value employment.
- 3.40 The permanent employment hub building(s) seeks to take advantage of market demand, and takes inspiration from case studies like Here East as a concept. It directly meets the overarching vision for Meridian Water by kick starting the new economy for the area, as well as creating positive socio-economic and stakeholder impacts. Long-term, the employment hub will be delivered to appeal to the type of major occupier that befits Meridian Water, with the long-term priorities for employment at Meridian Water driving the scheme.
- 3.41 Meanwhile Projects
- 3.42 The scale of the council's control, vacant land and existing industrial buildings offers a significant opportunity for the council to start to deliver on the employment vision from the outset by creating the right conditions for existing and new enterprises to be established, nurtured and grown rather than waiting for the long-term development. It is envisaged that many of

these pioneering businesses will eventually be important employers in the permanent development.

- 3.43 The plans to work with these pioneering businesses falls within a programme of activities called *Meridian Works*. As explained hereafter, it is proposed that these uses support the objectives of the short-term employment strategy.
- 3.44 The Meridian Works project(s) – in whatever form - represent an important milestone for Meridian Water as it offers the next big statement of intent after the delivery of the new station in May 2019. It is also strategically important in terms of potential future funding from the GLA (especially regarding potential future regeneration investment).

*Meridian Works Site One: Creative Entrepreneurs*



- 3.45 The Meridian Works one project is focused on supporting professional and highly skilled makers and creative entrepreneurs and is directly aligned with the emerging Meridian Water employment strategy, as articulated above. The benefits of providing both makers and creative businesses in a single scheme is that one use provides a stream of work – and therefore income -

for the other, as well as together creating a critical mass to be viable and create positive place-making benefits.

- 3.46 The original project was developed in late 2015 following a successful bid to the GLA as part of the London Regeneration Fund (LRF) to work with local makerspace provider Building BloQs and artist studio provider ACAVA. The project is currently supported by a £1.35m grant from the GLA and an existing commitment for the Council to forward fund a further £1.35m. To date although the project has not yet fulfilled its full promise it has achieved significant benefits (see table 1 below):

**Table A – Impact of Meridian Works One to date**

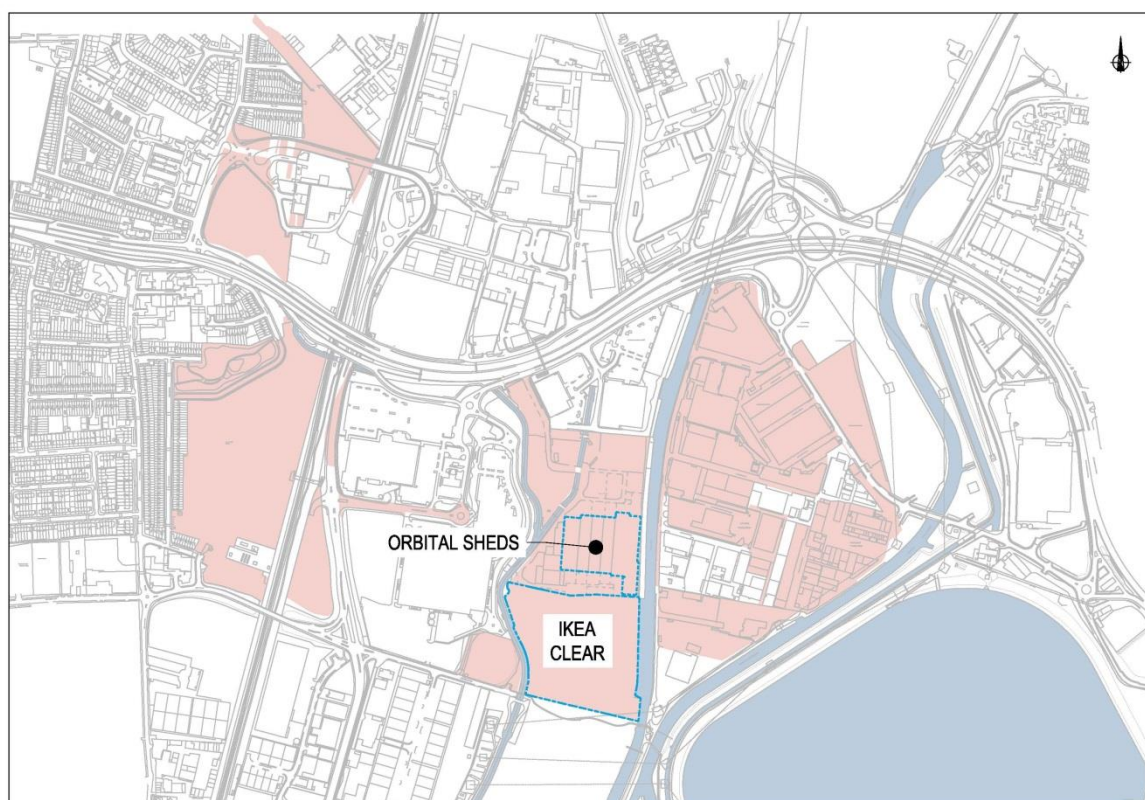
Objective	Outcome
Support for regeneration of Meridian Water	<ul style="list-style-type: none"> <li>• Significant profile raising for Meridian Water including GLA support.</li> <li>• Visit of two London Mayors.</li> <li>• Anecdotal evidence of greater developer demand for partnership working.</li> <li>• Close links to the emerging employment vision and strategy for Meridian Water.</li> </ul>
Socio-economic Impact	<ul style="list-style-type: none"> <li>• 84 FTE jobs safeguarded and 170 jobs created (84% of original LRF target).</li> <li>• 5 SMEs retained and 10 new SMEs supported (22% of original LRF target).</li> </ul>
Create Positive Stakeholder Impact	<ul style="list-style-type: none"> <li>• Significant GLA support – part of the GLA <i>Productive Valley</i> concept, as well as direct financial contribution secured.</li> <li>• Close alignment to emerging plans for fashion manufacturing hub, itself a high priority for the GLA.</li> </ul>
Generate positive financial impact	<ul style="list-style-type: none"> <li>• See Part 2 report for details of spend and income to date</li> </ul>

- 3.47 The Meridian Works One project has been through a number of iterations, which have responded to site constraints, insufficient project budget and wider masterplanning concerns. The Council has been working with the GLA and the preferred operators to explore other options including moving the project to underused Council assets within its ownership at Meridian Water as shown in the image below.

- 3.48 Note that the Creative Entrepreneurs site includes the use of 4 Anthony Way, the purchase of which is recommended later in this report. A Cabinet decision to not purchase 4 Anthony Way will therefore limit any decisions Cabinet is able to take regarding the future of Meridian Works Site One, as per Appendix 1 to the Part 2 report.
- 3.49 Because of the above changes, a full options appraisal against the Employment Objectives above has been undertaken (see Appendix 1 to Part 2 report). The options include not continuing with the project, reducing the scope of the project, maintaining the ambition but reusing existing buildings where possible, and finally maintaining the ambition on a single site by using a mix of existing and new buildings. All options require an initial additional investment by the Council on its own assets, and all options return more in rent over the projected 10 to 15-year period than the initial investment.
- 3.50 Should the decision be taken to not continue with this element of Meridian Works, the sites will be marketed for a tenant to secure best value for the Council. However, this option is felt unlikely deliver as much of the wider socio-economic and employment benefits due to the relatively low employment densities associated with the industrial use for the site (note the employment densities associated with the current delivery partners are higher which reflect their unusual business operation. Further details of this can be found in Appendix 1 to the Part 2 report). This option would still require up-front investment in the proposed location (the VOSA building) to bring it up to a lettable standard.
- 3.51 Subject to Cabinet approval, the recommended approach (Option 3 in Appendix 1 to the Part 2 report) is to continue with the project but to use existing buildings where possible. This will still result in a major new project to kick start regeneration at Meridian Water, but manages the additional capital expenditure required to deliver it. There is a direct correlation between the level of council initial investment, and the projected returns over 15 years, the wider economic impact and the quality of relationship with partners/stakeholders.
- 3.52 Cabinet approval is required for this option that has a project cost of £4.2m, This funding would be spent on professional fees, capital build costs, machinery and business development funding to ensure the project is a success.
- 3.53 It is expected that of the £4.2m, £1.95m would be recouped from 3<sup>rd</sup> parties, including the remainder of the £1.35m GLA grant as agreed in Cabinet Report 15.73 of October 2015 (see Appendix 1 to the Part 2 report).

- 3.54 The GLA grant remaining is the balance of the original GLA grant (£1.35m) less claims submitted, which is £1.14m.
- 3.55 Please see Financial Implications in Part 2 for financial analysis of options.
- 3.56 Full details of the background and options appraisal can be found in Appendix 1 to the Part 2 report.

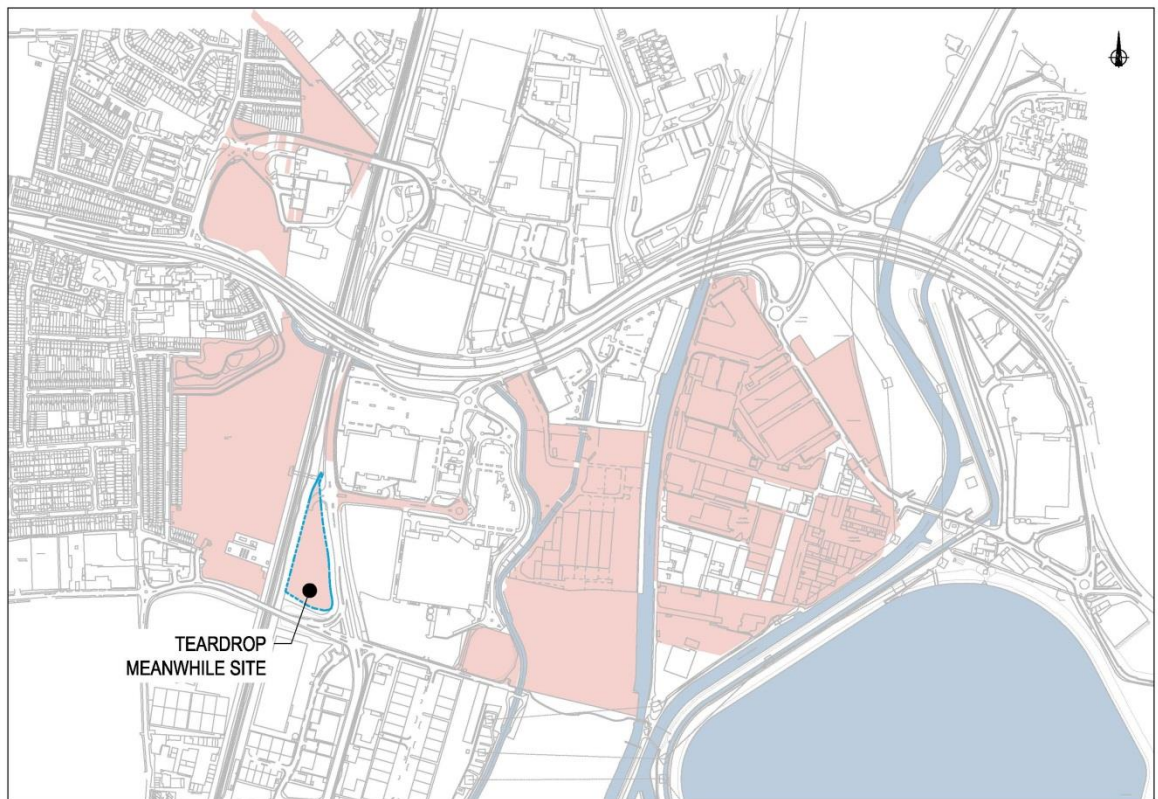
Meridian Works Site Two: The Orbital Sheds and Ikea Clear



- 3.57 Uses for these sheds can only involve a short-term life. The reason for this is that the entire Orbital site is proposed for remediation and ground works and road constructions as part of the strategic infrastructure works and this will necessitate the demolition or relocation of the Orbital sheds (see Meridian Water Housing Infrastructure Fund (HIF) report on the same agenda). The Council also has obligations within the sales contract with the former landowner which necessitates redevelopment for residential within the next 5 years (see Appendix 1 to the Part 2 report for more details).
- 3.58 The sheds are nevertheless impressive structures which benefit from their scale and the current trend towards repurposing warehouses for creative and social uses, best epitomised by the activity in Hackney Wick where there is now a flourishing daytime and evening economy.

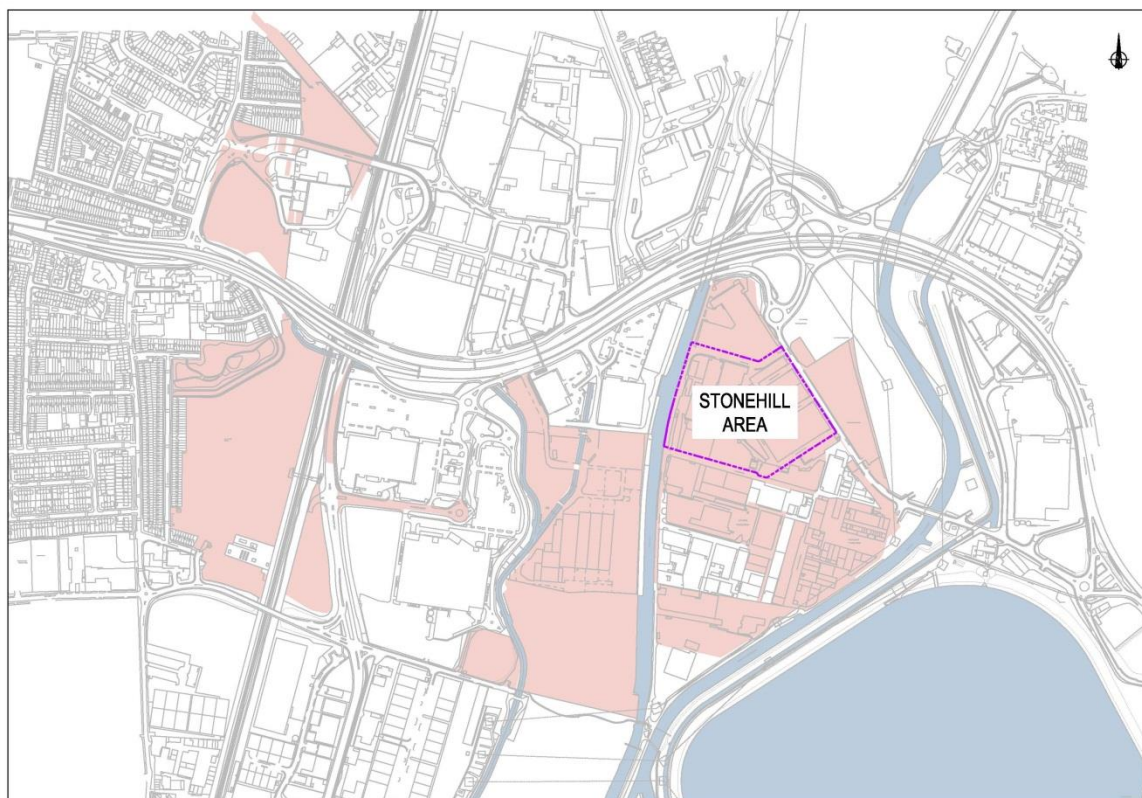
- 3.59 The Council is therefore pursuing options to temporarily reuse the Sheds for cultural, music or night-time economy uses ahead of vacant possession being required for HIF works.
- 3.60 Such a proposal is in line with the Council's draft corporate plan that seeks to promote the development of the night time economy to provide opportunities and create an enterprising environment for businesses to prosper. Meridian Water is set to have a vibrant night time economy with a variety of night time activities on offer. As with much of Meridian Water, meanwhile uses will pave the way for the final development. The Sheds have been identified as having potential to seed and grow night time economy activities by becoming music and cultural venues.
- 3.61 Approval is also sought to include the Ikea Clear site within this proposal. The piece of land is within the HIF works area, due to be undertaken between March 2020 and autumn 2022. This presents a c. 18 month window between now and when works are due to commence. It is proposed to combine the Sheds and the Ikea Clear land in a night-time economy proposal for this period – the open area providing excellent potential even and festival space. Furthermore, Orbital Sheds cannot feasibly be accessed from the north– through an industrial park and via the North Circular. Instead, the only viable access route is via Leaside Road and through the Ikea Clear site.
- 3.62 Further information about this proposal is contained within Appendix 2 to the Part 2 report.



Meridian Works Site Three: The Teardrop

- 3.63 Currently used as a construction compound by Network Rail, The Teardrop site is essential to activate a meanwhile strategy for Meridian Water because it is adjacent to the first permanent residential site as well as being adjacent to the Meridian Water station. Potential development partners are going to want activity on this site to complement their sales and marketing strategy for the residential and they will be keen that the meanwhile use articulates the lifestyle on offer at Meridian Water. First perceptions count; therefore, the meanwhile offer on this site will also strongly influence the views of visitors from the station. The site needs to create a sense of arrival, attract in visitors and generate jobs.
- 3.64 In order to achieve the short and long-term objectives for employment at Meridian Water, it is recommended that the Council approaches the market to secure an operator/partner/tenant who can meet the specifications for the site. Details of this are yet to be clarified, but the route identified will be compliant with the Council's Property Procedure Rules, Contract Procedure Rules and/or the Public Contract Regulations 2015 (as applicable).

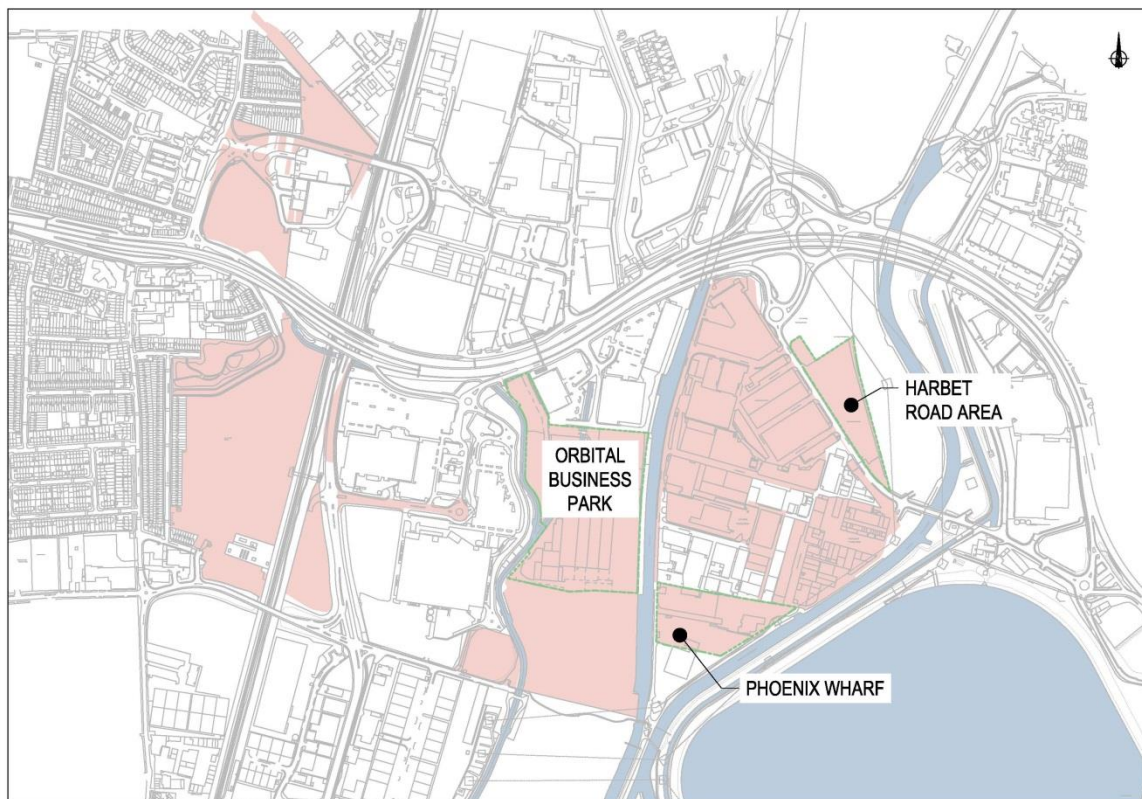
### 3.65 Marketing Opportunities: Stonehill and Ikea Clear



- 3.66 There is a significant opportunity to generate meanwhile income from Stonehill which is the largest Council owned sites at Meridian Water. In order to maximise the income potential from this site, the Council needs to leverage investment into the sites by advertising them as an opportunity on the open market.
- 3.67 The brief attached at Appendix 8 to the Part 2 report provides the marketing brief for the Stonehill site including the head lease parameters and assessment criteria for the Council to evaluate bids to take on the management and operation of Stonehill. It is proposed that Stonehill be marketed on a similar basis to the Teardrop. The brief captures all development criteria with the principal ones being meeting the short-term employment objectives (Quality – defined as supporting overall regeneration; delivering socio-economic impact; and creating positive stakeholder impact) and achieving an income target for the site. Leases for the sites will be marketed in accordance with the Property Procedure Rules.
- 3.68 This report recommends that LSH will market the site, ensuring that the opportunity is advertised as widely as possible, not only advertising in local and regional papers and specialist press, but also using established Council

communications channels, and organising a special marketing event. The brief attached at Appendix 8 sets out the evaluation criteria for Cabinet approval. Offers are invited starting at £1m rental income from Year 3. Competing offers will be scored 30% on price and 70% on quality criteria based on the employment objectives as detailed above. The Council is under no obligation to accept any of the offers received.

- 3.69 Approval is sought to undertake a similar leasing exercise on the southern half of Ikea Clear site which will be remediated and ready for new uses in autumn 2022. Once the HIF works are completed on Ikea Clear, this area will become a cornerstone site for Meridian Water, with a riverside park, the Leaside Road extension and link to the Causeway, and a strategic position between the development at the Leaside Road Gasholder site to the south west and the canalside area of Orbital Business Park to the north east.
- 3.70 Following completion of HIF works in autumn 2022 therefore it is proposed to split Ikea Clear into a northern area that will be brought forward as Phase 2 development; and a southern area (where residential development is currently fettered by the electricity pylons) that will be marketed on a similar head lease basis to Stonehill. The exact terms and extent of this head lease are yet to be decided as it is dependent on development proposals for HIF in this area. However, this report requests approval in principle to market and evaluate proposals for the southern part of Ikea Clear site on a similar basis to Stonehill.
- 3.71 All land transactions discussed above including leases and other property interests must comply with the Council's Constitution (including the Property Procedure Rules and Contract Procedure Rules). Where leases or disposals are made "off market" (i.e. through a direct lease) sufficient supporting evidence will be presented in the relevant report to demonstrate the rationale for deviation from market testing including the Special Purchaser principle or other reasoning. Where a site is leased at less than market value (due for example to placemaking or regeneration benefits), a clear indication of the level of subsidy will be included within the report requesting granting of a lease. This may also include where applicable a valuation of the unrestricted value (market value) as compared with the restricted value (selling/lease price), and explanatory text to justify the recommendation.
- 3.72 Management Arrangements: Orbital Business Park, Phoenix Wharf and Harbet Road



3.73 The balance of Council holding sites, c22 acres, are established income generating business estates. These are Orbital Business Park, Phoenix Wharf and the Harbet Road area of Stonehill.

3.74 In line with the council's Corporate Procurement Regulations, it is now required to retender the site management services for these sites, offering a similar service to that currently being delivered. Specifically, the council requires the following services:

- Management of all sites, including collection of rent and fees, and service charge.
- Marketing of empty sites and agreeing Heads of Terms with prospective tenants;
- Renewal of leases and rent reviews;
- Control of trespass/encampment incursions.
- Notify Client & liaise with Police/ Security companies, document and report; and
- Ongoing maintenance and wider estate upkeep.

3.75 There is a need to secure ongoing management support above what the council can do in-house in order to secure best value for the council.

- 3.76 A scope of services document has been prepared and is attached at Appendix 9. See Part 2 the procurement proposal details.
- 3.77 **Purchase of 4 Anthony Way (4AW)**
- 3.78 Since April 2014, the Council has acquired 87 acres (35 hectares) of land at Meridian Water. It currently owns 64% of all developable land within the red line boundary of the site and has to date committed £157m to land acquisition.
- 3.79 An opportunity has arisen to acquire 4AW. Part of this unit is currently occupied, but not owned, by Building BloQs who are potential Meridian Works partners.
- 3.80 See Part 2 Appendix 4 for Draft Heads of Terms.
- 3.81 Should acquisition be approved and progress, irrespective of any decision taken on Meridian Works (see above) BloQs' existing lease would be retained as a going concern in the short-term, with longer-term plans linked to the future of Meridian Works as described. It would also be the intention of the Council to explore the potential use of the yard space to the rear of the building, and the building annex, for use by tenants.
- 3.82 The purchase of 4AW is in accordance with the Council's strategy to acquire all land at Meridian Water via private treaty. On 6 September 2016 (KD 4348) Cabinet agreed in principle to use Compulsory Purchase powers to acquire land in Meridian Water that could not otherwise be acquired voluntarily. In this case sale terms have been voluntarily agreed through negotiations and therefore it is proposed to proceed with acquiring this property on this basis.
- 3.83 The acquisition of 4AW provides a helpful means to help safeguard the future of Meridian Works by offering additional floorspace within the proposals, and additional council control of assets.
- 3.84 The acquisition will be undertaken in compliance Property Procedure Rules, notably that the sale price needs to be in line with market value (see Part 2 report)
- 3.85 *Recommendation: Approve the decision to purchase and refurbish 4 Anthony Way, subject to completion of Sale Contract, and delegates authority to Executive Director of Place in consultation with the Executive Director of Resources to authorise the completion of the sale and*

*refurbishment proposals for the building, within the approved budget (see Part 2 report).*

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 *Do nothing – No investment and no meanwhile projects.*
- 4.2 Should Council decide to not invest in any assets within the meanwhile portfolio many will continue to be a drain on council finances, with the need to finance acquisition not offset by income from tenants. Should the council invest to bring sites up to a minimum standard, but focus on securing tenants with this low-level industrial offering, the council will be able secure a healthy income, but at the cost of placemaking potential, reputation damage and the failure to maximise wider socio-economic benefits. Details on this is articulated in Appendix 1 to the Part 2 Report.
- 4.3 *Do not continue with meanwhile projects as specified – invest more or less.*
- 4.4 The programme articulated represents the best balance between capital investment and net return – both direct and indirect. It also offers a balance in type and form of offer, with a mix of complimentary business and leisure activities. Alternative mixes of the programme have however been considered. Less investment challenges the viability (and therefore success) of some of the proposed operations, and more investment offers a poorer return for Council investment at a time when finances are tight. The proposed approach does however offer the necessary flexibility that will allow the Council to be flexible to circumstances.
- 4.5 Whilst not essential to success, the support of stakeholders – financially and politically – is dependent on a certain scale of meanwhile operation. Anything below this could have reputational damage for the Council. The alternative permutations do not necessarily meet the aspirations or indeed conditions of partners involved.
- 4.6 *Undertake a competitive exercise to ensure the Council is receiving best value in meeting its ambitions for Meridian Works One.*
- 4.7 It is not felt that a competitive exercise would confirm or ensure that the Council is receiving best value for the sites in question. The restricted nature of the market for makerspaces (see Appendix 5) and the investment made with the current preferred partners to date, means that it is felt that any alternative provider would not be able to deliver a similar package within a similar timeframe to those of the preferred providers. Despite this, should

business planning issues as highlighted in Appendix 1 remain a concern to the Council, this alternative option is a likely next step.

- 4.8 *Lease Meridian Works meanwhile sites commercially.*
- 4.9 Subject to some initial investment, the sites identified for meanwhile investment offer potential to be let commercially to alternative providers whose operation/offer may be different in returns and socio-economic benefit to those of Meridian Works. It is felt however that work done to date to curate the programme as articulated is the best means of balancing the financial and placemaking needs of the land assets at this time.
- 4.10 *Market the opportunities at the Sheds to the market.*
- 4.11 This option would offer the opportunity to demonstrate best value for the Council. However, the time required to run a compliant process to appoint a partner would have a significant negative impact on short-term finances for the project, and delay further the attainment of visible change at Meridian Water. This option would be pursued if negotiations with the recommended provider prove not in the Council's best interests.
- 4.12 The new Meridian Water station is opening in May 2019 which gives a short window to establish and deliver a proposition that meets the Council's objectives for the site.
- 4.13 See Part 2 report for additional information.
- 4.14 *Extend existing leasing arrangements for site management.*
- 4.15 The Council currently has an existing management arrangement with a suitably qualified organisation. There is however no means of extending this contract any further and there is no guarantee that best value will be secured without seeking feedback from the market. It is also felt that the opportunity to split the management of Stonehill and Ikea Clear from that of the Orbital Business Park and Phoenix Wharf will allow the sites to be split in line with the aspirations of the emerging employment strategy. Extending the existing contract further would not be in line with the Council's Corporate Procurement Regulations.
- 4.16 *Manage sites in-house*
- 4.17 Enfield Council Property Services do not currently have the capacity or expertise to manage an industrial location like this, in the manner necessary, at this time.

4.18 *Do not purchase 4AW*

4.19 In the short-term this option would save the Council the cost of additional land acquisition and investment. The council is however committed to purchasing all land within Meridian Water as part of the approved Land Acquisition programme, meaning that it would expect to purchase it at a later date. It is anticipated that this would therefore need to be through Compulsory Purchase Order (CPO) means, and there is no guarantee of price at this time. This purchase will also set a precedent for further land acquisitions in and around Anthony Way in the future (see Plan A), so not purchasing would remove this opportunity to set a benchmark for future acquisitions.

4.20 Subject to when the purchase may happen in the future, and what plans the council may have for the site (i.e. permanent investment) costs of investing in the existing building may not be needed if it is to be developed quickly after acquisition. However, the south-eastern corner of Meridian Water is highly likely to be a latter phase of Meridian Water due to the existence of pylons adjacent to the Banbury Reservoir, and the current Strategic Industrial Land (SIL) designation – which together suggest the site will be in industrial use for the medium term, irrespective of whenever the council purchases it.

4.21 By not purchasing 4AW, the council is restricting its options for the Meridian Works One proposals, principally by threatening any future partnership with its preferred partners (1) because of increasing industrial rents across London would mean that their rent is likely to increase, and (2) the option for the building to form part of the preferred option for Meridian Works One is removed (and the potential scope of Meridian Works One would therefore be constrained – neither Option 3 nor Option 4 as currently described would be possible).

4.22 *Renegotiate price for 4AW*

4.23 The price agreed in principle is considered to be at market value and has been accepted by all parties subject to contract. Renegotiation attempts are unlikely to result in any savings for the council.

## 5. REASONS FOR RECOMMENDATIONS

5.1 *To note the emerging Meridian Water Employment Strategy described within this report, including agreeing the aims and objectives of both the short and long-term visions and priorities, and to note that a more detailed strategy will be taken to Cabinet later in 2018.*



- 5.2 Through working with suitably qualified and experienced consultants, the Council has taken a deliberate approach to ensuring the emerging employment vision and strategy is grounded in evidence and commercial reality. The detailed strategy later in 2018 will provide a complete blueprint for the realisation of the employment vision for Meridian Water.
- 5.3 *To authorise proceeding with the short-term employment and meanwhile projects, and associated expenditure, described within this report and appendices for sites for Creative Entrepreneurs, the Sheds and Teardrop.*
- 5.4 The meanwhile projects as articulated reflect the early stages of the evolution of the employment base of the area. They take advantage of market trends, offer the type of aspirational employment offer that Meridian Water needs at this stage of its life, utilises its existing (and in some cases iconic) assets, and are complimentary to each other and the project's ambition.
- 5.5 *To accept £150k of GLA development grant funding to fund a detailed feasibility study into developing a fashion manufacturing cluster as part of the proposed permanent employment hub at Meridian Water.*
- 5.6 The proposal to include fashion manufacturing as part of the employment hub offers an exciting early focus for the project, with confirmed external support (and funding), for a sector that is in line with the emerging aspirations for employment at Meridian Water.
- 5.7 *To authorises marketing of leases for Stonehill and IKEA Clear to achieve the Council's short-term employment strategy priorities and revenue target.*
- 5.8 The offering of leases to the market offers the quickest route to securing income from these two council opportunities and also offers the council the necessary control over the tenancy to meet the revenue targets and place making needs of the project. It also secures productive uses of the two large and currently redundant or underused sites in the period before development can come forward on these sites.
- 5.9 *To authorise tendering of the Meridian Water site management arrangements.*
- 5.10 The land assets offer an important opportunity to secure income for the council and tendering for site management contracts in the ways identified is the quickest route to securing this, and offers the necessary control over

tenancy that will ensure the council can be flexible in responding to changing circumstances for the project over the coming years.

- 5.11 *Approve the decision to purchase and refurbish 4 Anthony Way, subject to completion of Sale Contract, and delegates authority to Executive Director of Place in consultation with the Executive Director of Resources to authorisation the completion of the sale and refurbishment proposals for the building, within the approved budget (see Part 2 report).*
- 5.12 The council's land acquisition strategy includes the purchase of 4AW within the overall portfolio. The price agreed is considered to be in line with the true market value. A purchase now, at the price agreed, would set a precedent for remaining land holdings in the immediate vicinity and support any future land purchases. The timing would provide additional support to Meridian Works One (if the council is inclined to work with existing tenants) by adding additional space that could be uses within the creative cluster.
- 5.13 *Delegate authority to the Director of Law and Governance to approve any legal agreements as required.*
- 5.14 Delegating this authority allows the Council to move quickly to take decisions to the development of the employment elements of Meridian Water, yet also protects the Council's legal interests on all relevant matters.

## **6. COMMENTS OF THE EXECUTIVE DIRECTOR RESOURCES AND OTHER DEPARTMENTS**

### **6.1 Financial Implications**

The investment required in Option 3 to invest £4.2m to kickstart Meridian Works One, will be funded from the existing approved 2018/19 Capital budget of £49.3m

### **6.2 Legal Implications**

#### **6.2.1 General**

- (i) Section 111 of the Local Government Act 1972 permits local authorities to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of their functions. The Council also has a general power of competence under section 1(1) of the Localism Act 2011 to do anything that individuals may do, provided it is not prohibited by legislation and subject to Public Law principles.
- (ii) The Council has a fiduciary duty to look after the funds entrusted to it and to ensure that its Council tax and ratepayers' money is spent

appropriately. The Council must carefully consider any project it embarks upon and conduct its affairs in a business-like manner with reasonable care, skill and caution, with due regard to tax/ratepayers' interests. In embarking on any project the Council must consider whether the project will be a prudent use of the Council's resources both in the short and long term and must seek to strike a fair balance between the interests tax/ratepayers on the one hand, and the wider community's interest on the other hand.

- (iii) Any procurement arising from the matters described in this report must comply with the Council's Constitution (including the Contract Procedure Rules) and, where applicable, the EU Public Contracts Regulations 2015.
- (iv) In the event that the Public Contracts Regulations apply to any contract for services arising from the matters described in this report the Public Services (Social Value) Act 2012 require the Council to consider at the pre-procurement stage (i) how what is to be procured may improve the economic, social and environmental well-being of their area and (ii) how the Council may act with a view to securing that improvement in conducting the process of procurement. The Council must consider whether to undertake any community consultation in relation to the proposals. Any decision to consult or not consult must be taken fairly and reasonably.
- (v) Any acquisition or disposal of property (including by way of lease) must comply with the Council's Property Procedure Rules.
- (vi) The Council must ensure value for money in accordance with the overriding Best Value Principles under the Local Government Act 1999.
- (vii) All legal agreements arising from the matters described in this report must be approved in advance of contract commencement by the Director of Law and Governance.

### 6.2.2 Employment Hub

The proposed Grant Funding Agreement with the GLA sets out the terms on which the GLA will provide funding towards a detailed feasibility study with regard to development of Meridian Works Phase 2. The feasibility study is to include due diligence, analysis of demand, a business plan and an architectural feasibility study. The Council must comply with all terms and conditions set out in the funding agreement. The GLA will have the right to reduce/withhold/requirement repayment of grant monies in the event that, in the GLA's opinion, satisfactory progress isn't made in delivering the objectives, a substantial change is made to the project objectives without the prior approval of the GLA, the Council is otherwise in breach of the agreement or there are any other circumstances which would affect the Council's ability to deliver the project.

6.2.3 Creative Entrepreneurs – See Part 2 Report

6.2.4 Orbital Business Park Sheds – See Part 2 Report

6.2.5 Meridian Works Site Three: The Teardrop - See general comments above.

6.2.6 Land Asset Management – See general comments above.

6.2.7 Purchase of 4 Anthony Way

a. Section 120(1)(b) of the Local Government Act 1972 (LGA) gives Councils a specific power to acquire land for the benefit, improvement or development of their area. In addition, the Council has powers under section 227 of the Town and Country Planning Act 1990 (as amended) to acquire land by agreement for 'planning purposes'. Where agreement cannot be reached, the Council has the power under various enactments to acquire land compulsorily using a Compulsory Purchase Order. However, CPO is a lengthy process and a measure of last resort. It is therefore preferable to pursue purchase by agreement as is proposed in this case.

b. See Part 2 Report.

### 6.3 **Property Implications**

See Part 2 Report

## 7. **KEY RISKS**

See Part 2 Report

## 8. **IMPACT ON COUNCIL PRIORITIES**

Development in Meridian Water would be guided by the Masterplan and other relevant policy documents which, amongst other objectives, seek to achieve fairness for all, sustainable growth and development of strong communities.

## 9. **EQUALITIES IMPACT IMPLICATIONS**

9.1 Corporate advice has been sought in regard to equalities and it is recommended that a predictive Equalities Impact Assessment be undertaken on the emerging Meridian Water Employment Strategy, following the approval of this report.

9.2 Local authorities have a responsibility to meet the Public Sector Duty of the Equality Act 2010. The Act gives people the right not to be treated less favourably because of any of the protected characteristics. We need to

consider the needs of these diverse groups when agreeing the employment strategy to ensure that our decisions do not unduly or disproportionately affect access by some groups more than others.

## **10. PERFORMANCE MANAGEMENT IMPLICATIONS**

- 10.1 Delivery of a comprehensive regeneration scheme at Meridian Water is a corporate priority within the council's Business Plan for 2016-2018. Completion of the Masterplan and the delivery of phased infrastructure improvements including increased rail services, station improvements and new homes will help to meet the strategic priority: "a borough that attracts inward investment and supports sustainable regeneration and growth." The meanwhile programme is an important part of the project.

## **11. HEALTH AND SAFETY IMPLICATIONS**

- 11.1 The Meridian Water Project bringing widespread improvements in transport, accessibility, and comprehensive remediation of contaminated brownfield sites will have positive health and safety benefits for the local community and the future residents, workers and leisure users at Meridian Water.

## **12. HR IMPLICATIONS**

- 12.1 None

## **13. PUBLIC HEALTH IMPLICATIONS**

- 13.1 A regeneration neighbourhood at Meridian Water will have far reaching public health benefits particularly from the promotion and expansion of public transport, namely a more frequent rail service, an expanded bus network and integrated walk and cycle routes. This together with extensive green space, water fountains and a positive urban environment will continue to well-being at Meridian Water. The development will include all necessary public health and community services from health clinics to nurseries.

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## THE CABINET

### List of Items for Future Cabinet Meetings (NOTE: The items listed below are subject to change.)

<b>MUNICIPAL YEAR 2018/2019</b>
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<b>SEPTEMBER 2018</b>
-----------------------

- 1. Joyce and Snells Estate Regeneration** Sarah Cary

This will update on progress with potential housing schemes in the Housing Zone Edmonton Futures. **(Key decision – reference number 4590)**
- 2. Town Centres** Sarah Cary

This will consider the provision of capital investment in town centres. **(Key decision – reference number 4462)**
- 3. Electric Quarter – Grant of Phase B Lease and Start on Site** Sarah Cary

This report will seek authority to enter into the Phase B Lease with Lovell Partnerships in accordance with the Agreement for Lease to deliver phase B of the Electric Quarter Regeneration Scheme that will provide 106 new housing units, commercial, retail and community facilities. The report will set out detail on the CPO position, status of land acquisition, the “land price” for this phase and will also note progress on negotiations with Ponders End Mosque on their expansion aspirations. **(Key decision – reference number 4560)**
- 4. Scrutiny Work Programme 2018/19** Jeremy Chambers

This will consider the Scrutiny work programme 2018/19 for recommendation to full Council. (Non key)
- 5. The Customer Experience Strategy 2018-2022** James Rolfe

This will set out the strategic approach to improving customer experience for those accessing Enfield council services provided directly or by a contractor. **(Non key)**
- 6. London Counter Fraud Hub** James Rolfe

**(Key decision – tbc)**
- 7. Future Commissioning of the 0-19 Services** Tony Theodoulou

This will seek approval to the proposals for future commissioning arrangements for the 0-19 Service in Enfield. These commissioning

arrangements will improve community health services for children and young people through a more flexible and integrated approach **(Key decision – reference number 4721)**

<b>OCTOBER 2018</b>
---------------------

**1. Housing Allocations Scheme** Ian Davis/Sarah Cary

The allocations scheme will set out who can apply for affordable and social rented housing in Enfield, how applications are assessed and how the Council sets the priorities for who is housed. It also sets out other housing options, including private rented sector, intermediate rent and shared ownership. **(Key decision – reference number 4682)**

**2. Discretionary Housing Policy** Ian Davis/Sarah Cary

This policy will set out the Council's approach to awarding Discretionary Housing Payments (DHP). It will apply to how the Council awards payments to all applicants of DHP in the London Borough of Enfield. **(Key decision – reference number 4683)**

**3. Temporary Accommodation Placement Policy/ Preventing Homelessness Strategy** Ian Davis/Sarah Cary

This policy will explain how the Council will assist homeless households in finding accommodation. **(Key decision – reference number 4676)**

**4. Enfield Transport Plan Incorporating Local Implementation Plan 3** Sarah Cary

The Enfield Transport Plan to 2024 will set out how delivery of the Mayor of London's Transport Strategy can be supported in the borough, taking into account local context. The Plan incorporates Enfield's Local Implementation Plan 3 which is a requirement under the GLA Act 1999. **(Key decision – reference number 4707)**

**5. Housing Repairs and Maintenance Procurement** Sarah Cary

This will seek approval of the process to procure contractors. **(Key decision – reference number 4694)**

**6. Modular Housing Pan London Group** James Rolfe

This will seek approval for Enfield to become a member of the Pan London Group and sign up to the London Council's Modular Housing Special Purpose Vehicle (SPV). **(Key decision – reference number 4674)**

**7. Claverings Industrial Estate** Sarah Cary

**(Key decision – reference number 4381)**



8. **Bury Street West - Development** Sarah Cary  
This will outline the proposed way forward for approval. **(Key decision – reference number 4008)**
9. **Quarterly Corporate Performance Report** James Rolfe  
This will provide the latest quarterly corporate performance report. (Non key)
10. **Broomfield House** Sarah Cary  
The report will refer to the Broomfield Conservation Management Plan and Options Appraisal and will set out options for the next steps. **(Key decision – reference number 4419)**
11. **Temporary Accommodation Rent Review** Sarah Cary  
This will review the rents that the Council currently charges for temporary accommodation. **(Key decision – reference number 4713)**
12. **Waste Services – Changes to Collection Arrangements** Sarah Cary  
This will give consideration to collection arrangements for general waste, recycling, food and garden waste. **(Key decision – reference number 4703)**
13. **Looked After Children Strategy** Tony Theodoulou  
This will present the Looked After Children Strategy. (Non key)
14. **Right to Buy Receipts Programme** Sarah Cary  
This will outline the future use of Right to Buy receipts. **(Key decision – reference number 4724)**
15. **Housing Systems Programme: Transformation and IT Resource Funding** James Rolfe  
This will outline a review that has been undertaken of the Housing Systems Programme. **(Key decision – reference number 4726)**
16. **Meridian Water Update and Budget Update** Sarah Cary  
This will provide an update for Members. **(Key decision – reference number 4469)**
17. **ICT and Digital Strategy** James Rolfe

This will seek approval of the ICT and Digital Strategy. **(Key decision – reference number 4680)**

**NOVEMBER 2018**

1. **Tranche 2 Draw Down for Energetik** James Rolfe

This will seek approval to draw down the Tranche 2 funding for Energetik's business case. Energetik's business case was approved in January 2017, with Tranche 2 funding added to the Council's indicative capital programme. **(Key decision – reference number 4642)**

2. **Invest to Save in Solar Photovoltaics** James Rolfe

This will seek consideration of the commercial investment opportunities for Enfield Council in solar photovoltaics. **(Key decision – reference number 4604)**

3. **Extra Care Services at Alcazar Court and Skinners Court** Tony Theodoulou

This will recommend that the extra care services provided at Alcazar Court and Skinners Court be put out to tender with new contracts to commence in March and April 2019. **(Key decision – reference number 4705)**

4. **North London Waste Plan Draft Regulation 19 Publication** Sarah Cary

The North London Waste Plan (NLWP) sites, policies and evidence base have been revised and updated from its Regulation 18 version and the new draft is ready to be approved by Cabinet for public consultation. **(Key decision – reference number 4709)**

5. **Enfield Safeguarding Adults Strategy 2018-23** Tony Theodoulou

This will present the Enfield Safeguarding Adults Strategy 2018/23. (Non key)

6. **Enfield Safeguarding Adults Annual Report 2017/18** Tony Theodoulou

This will present the Enfield Safeguarding Adults Annual Report 2017/18. (Non key)

7. **Redevelopment of the Arnos Pool and Bowes Library Site** James Rolfe

This will seek approval to extend the sport and leisure facilities at the site, whilst also ensuring that library provision is included within the future provision. **(Key decision – reference number 4492)**

8. **Contract for the provision of Agency Workers** Ian Davis

The current contract for the provision of agency workers will expire on 31 January 2019. This report will recommend a contract provider to begin on 1 February 2019. **(Key decision – reference number 4720)**

9. **Public Health Programme** Tony Theodoulou

*Details awaited.* **(Key decision – reference number tbc)**

#### DECEMBER 2018

1. **Heritage Strategy** Sarah Cary

This will review the existing Heritage Strategy. **(Key decision – reference number 4428)**

2. **Quarterly Corporate Performance Report** James Rolfe

This will provide the latest quarterly corporate performance report. (Non key)

#### JANUARY 2019

1. **Civic Centre Phase II** Sarah Cary

This will consider the refurbishment and remodelling of the Civic Centre. **(Key decision – reference number 4617)**

#### FEBRUARY 2019

#### MARCH 2019

#### APRIL 2019

1. **Quarterly Corporate Performance Report** James Rolfe

This will provide the latest quarterly corporate performance report. (Non key)

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## CABINET - 4.7.2018

**MINUTES OF THE MEETING OF THE CABINET  
HELD ON WEDNESDAY, 4 JULY 2018**

**COUNCILLORS****PRESENT**

Nesil Caliskan (Leader of the Council), Daniel Anderson (Deputy Leader of the Council), Yasemin Brett (Cabinet Member for Public Health), Alev Cazimoglu (Cabinet Member for Health and Social Care), Guney Dogan (Cabinet Member for Environment), Achilleas Georgiou (Cabinet Member for Children's Services), Dino Lemonides (Cabinet Member for Housing), Mary Maguire (Cabinet Member for Finance and Procurement) and Ahmet Oykenar (Cabinet Member for Property and Assets)

**Associate Cabinet Members (Non-Executive and Non-Voting):** Dinah Barry (Enfield West), George Savva (Enfield South East)

**ABSENT**

Nneka Keazor (Cabinet Member for Community Safety and Cohesion), Ahmet Hasan (Associate Cabinet Member – Enfield North)

**OFFICERS:**

Ian Davis (Chief Executive), Sarah Cary (Executive Director Place), Jayne Middleton-Albooye (Head of Legal Services), Fay Hammond (Director of Finance), Clara Seery (Assistant Director - Education), Doug Wilkinson (Director of Environment and Operational Services), Claire Johnson (Head of Governance and Scrutiny), David Greely (Corporate Communications Manager), Gary Barnes (Director of Property), Russell Hart (Head of Operations Parks and Street Scene), Ian Russell (Principal Engineer) and Bindi Nagra (Director of Health and Adult Social Care) Jacqui Hurst (Secretary)

**Also Attending:** Councillors Tolga Aramaz, Christine Hamilton, Derek Levy, Gina Needs, Lindsay Rawlings and Edward Smith

**1****APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Nneka Keazor (Cabinet Member for Community Safety and Cohesion), Tony Theodoulou (Executive Director People), James Rolfe (Executive Director Resources) and Jeremy Chambers (Director of Law and Governance).

**CABINET - 4.7.2018**

**2  
DECLARATION OF INTERESTS**

Councillor Dino Lemonides (Cabinet Member for Housing) declared a disclosable pecuniary interest in respect of Report No.15 – Penalty Charge Notice Change – Implementation (Minute No.7 below refers). Councillor Lemonides left the meeting for this item.

**3  
URGENT ITEMS**

NOTED, that the reports listed on the agenda had been circulated in accordance with the requirements of the Council's Constitution and the Local Authorities (Executive Arrangements) (Access to Information and Meetings) (England) Regulations 2012. These requirements state that agendas and reports should be circulated at least 5 clear days in advance of meetings.

**4  
DEPUTATIONS**

NOTED, that no requests for deputations had been received for presentation to this Cabinet meeting.

**5  
ITEMS TO BE REFERRED TO THE COUNCIL**

NOTED, that there were no items to be referred to the Council.

**6  
QUARTERLY CORPORATE PERFORMANCE REPORT**

Councillor Daniel Anderson (Deputy Leader) introduced the report of the Executive Director – Resources (No.14) presenting the latest quarterly report on the Corporate Performance Scorecard.

NOTED

1. That Appendix 1 to the report set out the end of year performance for 2017/18 and compared it to the Council's performance at the end of 2016/17.
2. As set out in the report, the Data and Management Information Reporting Hub and Performance Analysis Team were working closely with departments to review and, where necessary, amend procedures to ensure that the processes for collecting and reporting data were capturing all the activity covered by the indicators.

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3. Members' attention was drawn to the performance data and, Cabinet Members were invited to comment on any particular issues within their portfolio areas of responsibility. The following issues arose in discussion:
  - The overall satisfaction with the repairs service provided by Council homes.
  - The number of visits recorded to Enfield Town Library and the possible reasons for a drop in the number of visits. In discussion, Members noted that this was a well-used and highly regarded library. Councillor Georgiou outlined the work that he would be undertaking in respect of libraries across the Borough.
  - The positive performance with regard to Adult Social Care, Delayed transfers of care.
  - In response to questions raised, the pressures being experienced and the reasons for the performance results in relation to - Carers receiving needs assessment or review and a specific carer's services, or advice and information (including the Carers Centre) – was outlined in full to the Cabinet.
  
4. For information only, the progress being made towards achieving the identified key priorities for Enfield, following the discussion outlined above.

**Alternative Options Considered:** Not to report regularly on the Council's performance. This would make it difficult to assess progress made on achieving the Council's main priorities and to demonstrate the value for money being provided by Council services.

**Reason:** To update Cabinet on the progress made against all key priority performance indicators for the Council.  
(Non key)

**7**

**PENALTY CHARGE NOTICE CHANGE - IMPLEMENTATION**

Councillor Dino Lemonides (Cabinet Member for Housing) left the meeting for this item (Minute No.2 above refers).

Councillor Guney Dogan (Cabinet Member for Environment) introduced the report of the Executive Director – Place (No.15) seeking approval to the implementation of the Penalty Charge Notice change as detailed in the report.

NOTED

1. That compliance with parking and traffic controls were necessary to ensure effective traffic management on Enfield's road network.

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2. That the change in Penalty Charge Notice Band had been approved by London Councils, the Mayor of London and Secretary of State for Transport, as set out in the report.
3. That the implementation of the band change from Band B to Band A, was being done to secure a higher level of compliance to parking and traffic restrictions in Enfield. It was proposed to implement the change with effect from 1 August 2018.
4. A discussion took place with regard to parking enforcement activity around schools and whether funding could be ring-fenced in support of targeted enforcement. Doug Wilkinson (Director of Environment and Operational Services) outlined to Members the enforcement activity which was currently undertaken around schools and undertook to work with the Cabinet Members to address their priorities for such work within the overall funding availability for transport related activities.
5. In response to a question raised, that the Penalty Charge Notice Band was in line with other Boroughs.

**Alternative Options Considered:** Continue with the current levels of enforcement and penalty values, in the hope that compliance would improve.

**DECISION:** The Cabinet agreed to implement the higher penalty charge notice band (Band A) with effect from 1 August 2018.

**Reason:** To seek approval to implement the scheme. The approval to seek the increase in the Penalty Charge Notice bands had been approved through a previous decision (key decision reference number 3970) in 2014/15.

**(Key decision – reference number 4696)**

**8**

**GENOTIN ROAD CAR PARK, ENFIELD TOWN**

Councillor Ahmet Oykenar (Cabinet Member for Property and Assets) reported that this item had been deferred for consideration at the next Cabinet meeting scheduled to take place on 25 July 2018 (Minute No.20 below also referred).

Members were advised of the progress in negotiations which had been made to date following the previous Cabinet decision in November 2017.

The report was being reviewed in the light of consideration of the proposals by the Overview and Scrutiny Committee and to include as much information as possible within the part one report.

Members were committed to the economic growth of the Borough and continued dialogue with businesses in Enfield.



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An updated report would be presented to the next Cabinet meeting for consideration.

**(Key decision – reference number 4567)**

**9**

**ESTATE RENEWAL AND REGENERATION - AFFORDABLE HOMES**

Councillor Nesil Caliskan (Leader of the Council) introduced the report of the Executive Director – Place (No.20) describing the current performance of the council in building affordable homes and providing an opportunity for Cabinet to give political direction on regeneration aims, in advance of further detailed reports to Cabinet in the autumn.

**NOTED**

1. The performance of the Council to date in building affordable housing types through its ongoing Estate Renewal and Regeneration programme.
2. The options currently under consideration to increase the supply of council and other affordable homes on council-led developments and, noted that the forthcoming Local Plan and updated Housing Strategy would provide subsequent opportunities to support building further affordable homes.
3. Members' attention was drawn to the options to increase the number of affordable homes on estate regeneration and renewal projects, as set out in section 3.3 of the report. Options included the conversion of rooftops and flat roofs into new homes by adding additional storeys to existing council homes; applying for further grant funding; and revisiting current joint venture arrangements to convert private sale homes to affordable by using right to buy receipts (as set out in the report).
4. That this report did not seek approval for any specific option to proceed at this stage; instead it noted the range of projects ongoing which would be brought to future Cabinet meetings.
5. The public health implications included within the report and that good quality homes were associated with higher life expectancies and better health. A suggestion was made that consideration be given to the potential provision of roof-top gardens and noted the positive health impact that this could have.
6. The importance of providing good quality homes and the proposals that would be considered in moving forward. It was further noted that the Health and Wellbeing Board had recognised the importance of good quality housing with green spaces as an important determinant of good health.

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**Alternative Options Considered:** Not applicable to this report.

**Reason:** Not applicable to this report.  
(Non key)

**10**

**PROPOSED WETLAND AND RIVER RESTORATION PROJECTS IN ENFIELD**

Councillor Nesil Caliskan (Leader of the Council) introduced the report of the Executive Director – Place (No.21) outlining proposed wetland and river restoration projects in Enfield.

**NOTED**

1. That it was proposed to carry out wetland and river restoration projects in three parks in Enfield over the next 18 months. These projects would improve the environment for people and wildlife as well as reducing flood risk to several hundred properties. The estimated cost of these works was £1.25m. External funding of £0.9m had been allocated by several partner organisations including the Environment Agency, The Rivers Trust and the Greater London Authority.
2. That it was proposed to carry out wetland and river restoration projects in three parks in Enfield over the next 18 months at Broomfield Park Wetlands; Enfield Town Flood Alleviation Scheme; and, Albany Park River Restoration (as detailed in section 3.4 of the report).
3. That as well as reducing flood risk, these schemes would deliver additional benefits to water quality; biodiversity; and, amenity. The schemes would benefit local residents.
4. Some external funding had been granted, as detailed in the report. In response to questions raised, a breakdown of the funding available and the timescales for expenditure over two financial years, was outlined to Members (section 6 of the report referred).
5. Members welcomed the forthcoming schemes and noted the positive projects and works that were being and had been implemented across the Borough's parks and open spaces.
6. A discussion took place on the biodiversity impact of the projects and whether biodiversity audits would be undertaken. It was noted that a borough-wide biodiversity audit had been carried out previously. A key aim of the projects was to improve biodiversity. Ecological surveys were undertaken before any work was carried out. Biodiversity audits had been implemented in some areas. It was noted that the Friends of Parks were keen to be involved in such works. Further consideration would be given to this and bringing all such information data together.

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The Council would work with the Environment Agency to ensure that all protected species were retained.

**Alternative Options Considered:** Do nothing. These schemes are part of a series of improvements to reduce the risk of flooding in Enfield. To do nothing would lose an opportunity to attract significant funding to the London Borough of Enfield, improve the environment, for both people and wildlife, and reduce flood risk to local residents and infrastructure. Furthermore, it would mean the loss of an opportunity to comply with the actions identified in the Local Flood Risk Management Strategy.

**Reason:** Improvements to the environment; improved flood protection improved utilisation of open space; external investment; and, improved public perception and understanding of sustainable drainage and wetlands, and increased interaction with local waterways (as detailed in full in section 5 of the report).

(Non key)

**11**

**SUMMER INITIATIVES TO IMPROVE CLEANLINESS OF LOCAL ENVIRONMENTS**

Councillor Nesil Caliskan (Leader of the Council) introduced the report of the Executive Director – Place (No.22) outlining a series of targeted cleansing initiatives for the summer period. Councillor Guney Dogan (Cabinet Member for Environment) set out the proposed initiatives.

**NOTED**

1. The targeted cleansing programmes for implementation by the end of July 2018. The initiatives were as detailed in the report and included enhanced cleaning patrols, additional fly-tip clearance and targeted intense street washing.
2. A number of Council services would be working together to implement the initiatives including Housing, Waste and Cleansing services.
3. The success of the initiatives would be measured and would be used to determine the way forward for further work to continue to improve the cleanliness of local environments.
4. The initiatives were in recognition that the summer months placed more demand on the local environment and the need to keep the Borough's open spaces clean and tidy for residents' to use.
5. Members' expressed their support of the initiatives. It was important for the Council to work with its partner agencies to help residents to feel as safe and secure as possible in their local environment. It was noted

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that the Leader would be working with the Cabinet Member for Environment on the proposals going forward.

6. A discussion took place regarding the provision of litter bins in public places and their impact on levels of litter. Doug Wilkinson (Director of Environment and Operational Services) provided a detailed explanation to Members and set out proposals for moving forward in tackling litter.

**Alternative Options Considered:** None, report for information.

**Reason:** None, report for information.  
(Non key)

**12**

**CABINET SUB-COMMITTEES FOR THE MUNICIPAL YEAR 2018/19**

**AGREED**, that the following Cabinet Sub-Committees be established for the municipal year 2018/19:

**Shareholder Board**

Leader (Councillor Nesil Caliskan)  
Cabinet Member for Finance and Procurement (Councillor Mary Maguire)  
Cabinet Member for Property and Assets (Councillor Ahmet Oykenner)  
Cabinet Member for Health and Social Care (Councillor Alev Cazimoglu)  
Cabinet Member for Housing (Councillor Dino Lemonides)

NOTED, that the terms of reference of the Shareholder Board would be reviewed in order to increase the membership to 6 Cabinet Members and, to add the Deputy Leader (Councillor Daniel Anderson) to the membership of the Board.

**Local Plan Cabinet Sub-Committee**

Leader (Councillor Nesil Caliskan)  
Cabinet Member for Finance and Procurement (Councillor Mary Maguire)  
Cabinet Member for Property and Assets (Councillor Ahmet Oykenner)  
Cabinet Member for Housing (Councillor Dino Lemonides)

**Enfield Community Support Fund Cabinet Sub-Committee**

Cabinet Member for Community Safety and Cohesion (Councillor Nneka Keazor)  
Cabinet Member for Environment (Councillor Guney Dogan)  
Cabinet Member for Public Health (Councillor Yasemin Brett)

NOTED, that any requirements for any additional Cabinet Sub-Committees would be considered and referred to future Cabinet meetings for agreement.

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**13**

**ISSUES ARISING FROM THE OVERVIEW AND SCRUTINY COMMITTEE**

NOTED, that there were currently no issues arising from the Overview and Scrutiny Committee for consideration at this meeting.

**14**

**CABINET AGENDA PLANNING - FUTURE ITEMS**

NOTED, for information, the provisional list of items scheduled for future Cabinet meetings.

**15**

**MINUTES OF SHAREHOLDER BOARD MEETING HELD ON 24 APRIL 2018**

NOTED, for information, the minutes of a meeting of the Shareholder Board held on 24 April 2018.

**16**

**MINUTES**

**AGREED**, that the minutes of the previous meeting of the Cabinet held on 18 April 2018 be confirmed and signed by the Chair as a correct record.

**17**

**ENFIELD STRATEGIC PARTNERSHIP UPDATE**

NOTED, that there were no written updates to be received at this meeting.

**18**

**DATE OF NEXT MEETING**

NOTED, that the next meeting of the Cabinet was scheduled to take place on Wednesday 25 July 2018 at 8.15pm.

**19**

**EXCLUSION OF THE PRESS AND PUBLIC**

**RESOLVED**, in accordance with Section 100(A) of the Local Government Act 1972 to exclude the press and the public from the meeting for the items listed on part two of the agenda on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 (information

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relating to the financial or business affairs of any particular person (including the authority holding that information) of Part 1 of Schedule 12A to the Act (as amended by the Local Government (Access to Information) (Variation) (Order 2006).

**20**

**GENOTIN ROAD CAR PARK, ENFIELD TOWN**

NOTED, that this item had been deferred to the next Cabinet meeting, Minute No.8 above refers.

**21**

**MERIDIAN WATER: PROGRESS UPDATE**

Sarah Cary (Executive Director – Place) informed Members of the on-going briefings taking place and, of the reports due to be considered at the next Cabinet meeting regarding Meridian Water.