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THE CABINET

**Wednesday, 17th July, 2019 at 7.15 pm in the Conference Room,
Civic Centre, Silver Street, Enfield, EN1 3XA**

Membership:

Councillors : Nesil Caliskan (Leader of the Council), Ian Barnes (Deputy Leader of the Council), Rick Jewell (Cabinet Member for Children's Services), Nneka Keazor (Cabinet Member for Community Safety & Cohesion), Guney Dogan (Cabinet Member for Environment and Sustainability), Mary Maguire (Cabinet Member for Finance & Procurement), Alev Cazimoglu (Cabinet Member for Health & Social Care), George Savva MBE (Cabinet Member for Licensing & Regulatory Services), Gina Needs (Cabinet Member for Social Housing) and Mahtab Uddin (Cabinet Member for Public Health)

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.

Mustafa Cetinkaya (Associate Cabinet Member – Non Voting), Ahmet Hasan (Associate Cabinet Member – Non Voting) and Claire Stewart (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.

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.

3. DEPUTATIONS

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

4. REVENUE OUTTURN REPORT 2018/19 (Pages 1 - 28)

A report from the Executive Director – Resources is attached. **(Key decision – reference number 4925)**

(Report No.39)
(7.20 – 7.25 pm)

5. CAPITAL OUTTURN REPORT 2018/19 (Pages 29 - 42)

A report from the Executive Director – Resources is attached. **(Key decision – reference number 4923)**

(Report No.40)
(7.25 – 7.30 pm)

6. ANNUAL TREASURY MANAGEMENT OUTTURN REPORT 2018/19 (Pages 43 - 52)

A report from the Executive Director – Resources is attached. **(Key decision – reference number 4926)**

(Report No.41)
(7.30 – 7.35 pm)

7. MEDIUM TERM FINANCIAL STRATEGY 2020/21 TO 2024/25 (Pages 53 - 64)

A report from the Executive Director - Resources is attached. **(Key decision – reference number 4924)**

(Report No.42)
(7.35 – 7.40 pm)

8. COUNCIL TAX SUPPORT CONSULTATION (Pages 65 - 78)

A report from the Executive Director – Resources is attached. **(Key decision – reference number 4863)**

(Report No.43)
(7.40 – 7.45 pm)

9. QUARTERLY CORPORATE PERFORMANCE REPORT (Pages 79 - 98)

A report from the Executive Director – Resources is attached. (Non key)
(Report No.44)
(7.45 – 7.50 pm)

10. REDUCTION AND RECYCLING PLAN (Pages 99 - 116)

A report from the Executive Director – Place is attached. **(Key decision – number 4887)**

(Report No.45)
(7.50 – 7.55 pm)

11. 2019/20 CORPORATE CAPITAL CONDITION PROGRAMME (Pages 117 - 122)

A report from the Executive Director – Place is attached. (Report No.63, agenda part two also refers) **(Key decision – reference number 4853)**

(Report No.46)
(7.55 – 8.00 pm)

12. FUTURE COMMISSIONING OF THE 0-19 SERVICES (Pages 123 - 134)

A report from the Executive Director – People is attached. (Report No.50 agenda part two also refers) **(Key decision – reference number 4721)**

(Report No.47)
(8.00 – 8.05 pm)

13. REARDON COURT EXTRA CARE HOUSING SCHEME (Pages 135 - 146)

A report from the Executive Director – People and Executive Director - Place is attached. (Report No.51, agenda part two also refers) **(Key decision – reference number 4898)**

(Report No.48)
(8.05 – 8.10 pm)

14. BUSINESS PLANS OF THE COUNCIL'S TRADING COMPANIES - ENFIELD INNOVATIONS LTD. (EIL) AND HOUSING GATEWAY LTD. (HGL) (Pages 147 - 180)

A report from the Director – Commercial is attached (Report No.52 agenda part two also refers). **(Key decision – reference number 4928)**

(Report No.49)
(8.10 – 8.15 pm)

15. CABINET AGENDA PLANNING - FUTURE ITEMS (Pages 181 - 184)

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

16. MINUTES OF CABINET SUB-COMMITTEES (Pages 185 - 200)

To note, for information, the minutes of the following meetings:

1. Shareholder Board – 25 June 2019
2. Local Plan Cabinet Sub-Committee – 27 June 2019

17. DATE OF NEXT MEETING

To note that the next meeting of the Cabinet is scheduled to take place on Wednesday 11 September 2019 at 7.15pm.

18. 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 two agenda)

MUNICIPAL YEAR 2019/20 – REPORT NO. 39**MEETING TITLE AND
DATE****Cabinet: 17 July 2019****REPORT OF:
Acting Executive Director of Resources****Contact Officers:
Matt Bowmer
020 8379 5580****AGENDA PART 1 ITEM: 4****SUBJECT - REVENUE OUTTURN 2018/19****Wards: All Wards****Key Decision No: 4925****Cabinet Member consulted:
Cllr Maguire****1. EXECUTIVE SUMMARY****1.1** This report sets out the outturn position for 2018/19 for:**General Fund Revenue Account:**

- Service Budgets overspent by £13.4m, this was offset by a £9m underspend in contingency and treasury budgets and £1.2m additional government grants to give a net overspend of £3.2m. (Section 4.1)
- A drawdown of £3.2m from reserves was made to achieve a balanced position. (Section 4.4)
- The flexibility to apply capital receipts to fund transformation expenditure was again used, with £3.7m of capital receipts applied (Section 4.2)

Housing Revenue Fund Account (HRA)

- £2.4m overspend has been met from HRA balances (Section 4.3)

Dedicated Schools Grant (DSG) funded expenditure

- the DSG had a brought forward deficit of £0.7m from 2018/19 but this moved to a surplus of £1.1m by 31st March 2019 due to in year underspends (Section 4.1.8)

Collection Fund balance at year end

- details of the achievement of Council Tax and Business Rates income are set out in Section 4.5.

1.2 The report also provides information on the Council's current level of useable reserves and balances. Non-ring-fenced General Fund Earmarked Reserves have increased from £56.3m to £59.5m (excluding the Minimum Revenue Provision) during 2018/19. This is due to planned contributions to risk and smoothing reserves, whilst service specific reserves have reduced. (Section 4.4) In addition, General Fund Balances have remained unchanged at £14m. (Section 4.6).

2 RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Notes the General Fund, Housing Revenue Account (HRA) and DSG revenue outturn for 2018/19.

3. INTRODUCTION

- 3.1 Enfield's 2018/19 Budget and Medium Term Financial Plan (MTFP) required the delivery of £8.6m savings in response to a further reduction in core government funding and inflationary, demographic and service cost pressures. Furthermore, for 2018/19, an ambitious capital programme was set in order to deliver the Council's regeneration and investment priorities.
- 3.2 This report sets out the overall General Fund Revenue; Housing Revenue Account (HRA) and Dedicated Schools Grant (DSG) outturn for 2018/19, with details of variations provided in Appendices A to E (General Fund) and Appendix G (HRA). The report also provides a summary of the end of year reserves and balances position, which are set out in detail in Appendix H. Use of capital receipts to fund transformation expenditure is summarised in Appendix F.

4. 2018/19 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. It should be noted that there was a £13.4m adverse variance against service budgets, which was partially offset by favourable variances in Corporate budgets, £9.0m and government grant income, £1.2m, requiring a drawdown from reserves of £3.2m to balance outturn.
- 4.1.2 The revenue budget forecast position as at 31st December 2018, reported to Cabinet in February (KD4764), projected an adverse variance of £4.1m; the net outturn position of £4.4m overspend represents an overall increase of £0.3m over this projection. In summary, an increase of £0.5m in adverse service budget variances were partially offset by an increase of £0.2m in favourable variances in corporate budgets (mainly contingency and interest payments).

Table 1: General Fund Revenue Outturn 2018/19

	Budget £m's	Net Spend £m's	Outturn Variance £m's
Chief Executive	9.4	8.9	(0.5)
People	117.4	124.8	7.4
Place	29.5	32.7	3.2
Resources	39.1	42.4	3.3
Service Net Costs	195.4	208.8	13.4
Corporate Expenses	32.5	23.5	(9.0)
Net Expenditure	227.9	232.3	4.4
Expenditure financed by:			
Business Rates	(98.4)	(98.4)	0.0
Collection Fund	(4.2)	(4.2)	0.0
Other non-ring-fenced Government Grants	(4.2)	(5.4)	(1.2)
Council Tax	(121.1)	(121.1)	0.0
Reserves	0.0	(3.2)	(3.2)
General Fund Corporate Financing	(227.9)	(232.3)	(4.4)

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 E and these are summarised by department below:

4.1.3 Chief Executive's (Appendix A)

Chief Executive's service reported a favourable variance of £0.5m (budget of £9.4m), due to restrictions imposed on discretionary expenditure across the department and the decision to fund CCTV equipment from capital resulted in a saving of £0.3m. Other favourable variances have resulted from planned reductions in Audit contract costs and efficiencies gained through increased focus on digital communications. These have offset overspends in electoral services and land charges, details of which are provided in Appendix A. The pressure in the land charges income has been resolved through an addition of £0.2m included in the 2019/20 Medium Term Financial Plan.

4.1.4 People (Appendix B)

The department's outturn is a £7.4m overspend (budget of £117.4m). The main variations are as follows:

Adult Social Care (ASC)

£4.4m of the overspend relates to Adult Social Care. The increased overspend since the Quarter 3 outturn projection is due to the increase of £1.5m paid for the management fee to the Council's wholly owned company Independence and Wellbeing Enfield Ltd (IWE). This potential overspend was highlighted in the Q3 forecast but there was not sufficient information at the time to build the impact into the 2019/20 budget. Therefore, this pressure will need to be managed during 2019/20 and form part of the formulation of the 2020/21 to 2024/25 MTFP. Other services areas have largely remained static over the course of the year and although substantial savings have been made in year, the demand for services continues to rise due to demographic pressures in Learning Disabilities and Older People and People with Physical Disabilities (Customer Pathway) and in recognition of this on going pressure

£3.8m and £2.2m have been included in the 2019/20 budget to reflect demographic and inflationary pressures in Adult Social Care respectively.

The Department of Health announced £240m of additional Winter Pressures grant for councils to spend on adult social care services to help alleviate winter pressures on the NHS, enabling patients to return home more quickly and freeing up hospital beds across England. Enfield's share of this additional funding was £1.3m and following consultation with the CCG it was agreed that the Council would retain the funding in full for 2018/19; this has therefore contributed to managing the pressure within Adult Social Care.

Housing Related Support

The Housing Related Support schemes (Supporting People) budget was overspent by £0.9m and has seen a small improvement since the Q3 position. This was a result of the accumulated pressures created by delays in decommissioning and recommissioning of Housing related support contracts which only came into effect part way through 2018/19 and difficulties in identifying a provider during the tender exercise for the floating support service. Following the Pressures Challenge Board review of Housing Related Support £0.25m has been allocated to mitigate the pressure in 2018/19 and will then be resolved in 2019/20 through the MTFP.

Education, Children's and Families

Children's and Families services outturn is a £3.0m overspend. The most significant variance relates to £2.2m pressure relating to SEN Transport. Management actions delivered have helped stem the continued growth in expenditure. In recognition of the ongoing nature of this cost pressure £2.0m has been included in the 2019/20 budget.

The continued demand in No Recourse to Public Funds cases has meant an outturn overspend of £0.4m because savings included in the MTFP reflected the expectation that costs would decrease following management actions that were implemented. An increase of £0.5m has been included in the 2019/20 budget to reflect this pressure. Additional income targets for Schools Traded Services were unachievable resulting in a £0.7m shortfall in income and there are plans to manage this in 2019/20 however, in recognition that some of the pressure could not be managed £0.1m has been included in the 2019/20 budget to reduce this pressure.

In addition, demand in Special Guardianship Allowances (SGA) continued to grow and despite allocating additional budget in 2018/19 the outturn still exceeded the budget available by £0.2m. An increase in demand for external child care placements has increased cost by a further £0.9m and additional demand experience in the last quarter of the year for the leaving care services resulted in an overspend of £0.2m. To reflect these pressures and allowing for demographic growth, £0.7m for SGA's, £1.0m for external child care placements and £0.3m for leaving care have been included in the 2019/20 budget.

The impact of these pressures is mitigated because of favourable variances in services such as community safety, Section 17, adoption allowances, unaccompanied asylum-seeking children (UASC) and youth offending unit budgets.

A cost of £0.4m relating to the Edge of Care transformation project which commissioned a Family Breakdown prevention team to reduce the short and long-term costs of Looked After Children provision has been funded through the flexible use of capital receipts.

Further details of People outturn variations are provided in Appendix B.

4.1.5 **Place (Appendix C)**

The Place department's outturn is an overspend position of £3.2m (budget of £29.5m) with the most significant pressures being reported in Property Services (£3.1m) and the costs arising from dealing with trespass and enforcement actions on Council land (£0.6m). The Property related variances are mainly due to unrealised income generation where assumptions around the success of income generating schemes such as the Bunding initiative and the renting out of office space in the Civic Centre did not materialised as originally budgeted for, creating a pressure in 2018/19 of approximately £2.1m. Further savings proposals such as the disposal of Gentleman's Row and alternative use of corporate buildings have not been implemented. The historic issues in the Property budget were discussed and evaluated through the Pressures Challenge Board that were held during 2018/19 and as such £2.3m has been included in the 2019/20 in recognition of these pressures.

Since Q3 the most significant movement has been experienced in the cost of vacant sites and assets on the disposal programme. The vacant sites outturn was £0.4m and relate to security costs on sites such as Montagu Estate where the costs had previously been capitalised and a change in accounting treatment for reporting the cost of the disposal programme in year which results in a pressure in 2018/19, though this is under review for future years. These have however been offset by the improved position in the commercial property portfolio, and Corporate Maintenance & Construction Services.

Both Environment & Operational services and Regeneration services have ended the year with favourable variances of £0.2m each. Included in the Environment & Operational services outturn is the EDGE Transport transformation contract which has been funded by the flexible use of capital receipts.

Further details are provided in Appendix C.

4.1.6 **Resources (Appendix D)**

The Resources department's outturn is an overspend of £3.3m (budget £39.1m) after £3.0m flexible use of capital receipts has been applied to fund transformational related expenditure in support IT services, Transformation and Procurement.

Demand for services has continued to increase and has impacted on services such as income collection, financial assessments and deputyship and accounts for a £1.0m of the overspend. In recognition of the ongoing nature of some of these cost pressures £0.9m has been included in the 2019/20 budget.

Other significant overspends included; a £0.8m overspend in IT because of ongoing cost of annual maintenance and licences for systems implemented as part of the capital programme. Action is being taken to reduce these costs during 2019/20 through rationalisation of the number of our ICT applications.

Another key reason for the budget variance related to unrealised budget savings and income targets agreed through the MTFP that could not be delivered. These have contributed to the overspends experienced in the IT, Procurement and Leisure & Culture services. Management action is underway to address these pressures during 2019/20.

However, it should be noted that the IT outturn position has improved from Q3 as a result of historic work programmes coming to an end, improved controls and savings achieved through supplier negotiations.

Further details are provided in Appendix D.

4.1.7 Corporate Expenses (Appendix E)

A favourable outturn variation of £9m was in line with the Q3 forecast, showing an increased underspend of £0.5m. The variation was mainly due to an underspend of £4.9m in treasury budgets due to lower interest rates and capitalisation of interest charges on borrowing for the Meridian Water project; £1.3m in Minimum Revenue Provision (MRP) and £2.5m in contingency budgets. As part of the 2019/20 budget process the treasury budget was reviewed and an interest saving was proposed, therefore, this underspend is not anticipated to continue into 2019/20.

4.1.8 Dedicated Schools Grant

The Dedicated Schools Grant (DSG) for 2018/19 totalled £223.86m (after academy recoupment). 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. Any balance remaining from the DSG at year end is carried forward in the DSG reserve.

The balance on the DSG reserve as at 31 March 2018 was a deficit of £0.74m. A clawback of 2017/18 Early Years Block funding of £0.74m in July 2018 increased the net deficit position on the reserve to £1.48m. During 2018/19 there were underspends on the Schools Block (£1.32m), Early Years Block (£0.41m) and High Needs Block (£0.84m) resulting in a total net underspend of £2.57m and a cumulative surplus of £1.09m on the reserve at 31st March 2019. This represents an overall improvement in the DSG position of £1.83m. It should be noted, however, that funding for outstanding 2018/19 recoupment and early years adjustments will be drawn down in 2019/20 (£0.72m) which will reduce the surplus to a net balance of £0.38m.

4.2 Flexible Use of Capital Receipts (Appendix F)

4.2.1 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.

- 4.2.2 Enfield has chosen to use this flexibility to fund a number of transformation projects in the last three years, with £9.9m applied in 2016/17, £6.7m in 2017/18 and £3.7m in 2018/19 as detailed in Appendix F. The flexibility was used to fund 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 2019/20 to fund a reduced 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. As set out in section 4.4 below, an "Invest to Save" transformation reserve has been created as part of the outturn for future projects.
- 4.2.3 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.
- 4.3 HOUSING REVENUE ACCOUNT OUTTURN (Appendix G)**
- 4.3.1 This year Enfield has continued to work closely with London Councils and the London Fire Brigade (LFB) to ensure minimal fire risk to the residents in the borough. Fire prevention works have been carried out within the repairs and neighbourhood teams.
- 4.3.2 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%.
- 4.3.3 The February Cabinet report projected an HRA overspend of £0.02m as at the end of December 2018. The end of year position has changed to a £2.39m overspend, which has been met by a drawdown of balances, reducing the HRA balance from £7.0m as at 31st March 2018 to £4.6m as at 31st March 2019.
- 4.3.4 The HRA overspend was mainly due to an increase in insurance provision (£0.78m) which was not anticipated as the data was not finalised until the end of the financial year, salary overspends (£0.80m) due to agency staff covering permanent roles and additional consultancy costs, and loss of income from dwellings, garages and shops (£0.65m). The recharges from the General Fund were mainly on budget with fleet services showing the biggest variation to budget (£0.09m overspend). (see Appendix G for details)
- 4.3.5 Housing Revenue Account Reserves have decreased by £1.5m from £13.6m to £12.1m, this being mainly due to a higher contribution from the HRA Capital Reserve to fund the estate regeneration capital programme

4.4 Earmarked Reserves (Appendix H)

- 4.4.1 Details of total reserves as at 31st March 2019 are set out in Appendix H, which includes HRA revenue reserves and ring-fenced general fund grant reserves (Public Health, S106 and DSG). Details of movements in these areas are as follows:

4.4.2 General Fund Reserves

The overall level of General Fund earmarked reserves at 31st March 2019 has increased by £3.2m from £56.3m to £59.5m, excluding the Minimum Revenue Provision Equalisation reserve which has been ring-fenced for future commitments (in year movement of £7.4m in this reserve - see note below). This also excludes ring-fenced grant reserves such as Public Health and Dedicated Schools Grant reserves. The movement of £3.2m results from an overall £4.9m reduction in Service Project/Programme reserves and an increase of £8.1m in Risk and Smoothing reserves, after the application of £3.2m to balance outturn. The reduction in project reserves is mainly due to the planned drawdown of £5.2m from the vehicle replacement fund which contributes to the four-year capital programme of vehicle replacement. The main contributions to the risk and smoothing reserves in 2018/19 were as follows, and these were offset by a drawdown of £1m from the risk reserve:

- **Collection Fund Equalisation Reserve: £4.5m**

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. A business rate reset is also planned for 2020/21 which may cause volatility. For 2018/19 Enfield participated in the London Pilot Pool which retained 100% of business rates in place of RSG and Enfield has benefited from a net share of £4.7m from the growth within the pool which is reflected in the transfer to the reserve.

- **Invest to Save Reserve £2m**

As noted above in 4.2.2 this reserve will be used to fund invest to save projects in place of the flexible use of capital receipts which is time limited (currently expected to end in 2021/22).

- **North London Waste Reserve £1m**

Within the MTFP an additional £1.0m has been added each year to cover the estimated cost of the North London Heat and Power Project (NLHPP). This project will build a new Energy Recovery Facility in Edmonton, replacing the existing Energy from Waste plant at the EcoPark that has served North London for around 50 years but is coming to the end of its operational life. The estimated cost of building this new facility will significantly increase the Council's North London Waste Authority levy requirement and with all major construction projects comes with significant risks. Whilst the provision in the MTFP aims to meet these increased costs, as with all major projects there is a risk that estimated costs could rise further in the future. This reserve has

therefore been established to smooth the increase in levy requirements over the life of the project. The budget will increase by £1.0m as per the MFTP. Based on forecasts provided by the NLWA it is estimated that in some years the budget will exceed the actual cost and as such the any balance will be transferred to the reserve, where it will be held to support years where the actual costs exceed the annual budget.

- **Housing Benefits Smoothing Reserve £1.8m**

This reserve was created in 2018/19 to smooth expenditure and income related to Housing Benefits which can show considerable year on year variations against budget.

- **Minimum Revenue Provision (MRP) Equalisation Reserve**

MRP is the annual provision that the Council has to set aside from revenue in order to meet the repayment of the principal element of borrowing. This reserve was created in 2017/18 following a change in our MRP policy which resulted in a reduced requirement to contribute to the provision over the medium term. This will reverse in future years and the reserve is ring-fenced to smooth large fluctuations in future requirements in one year. In 2018/19 an additional £9.1m was transferred to the reserve as a result of the reduced in year requirement. There was a drawdown against this reserve of £1.7m at year end to offset the revenue cost arising from the implementation of a new accounting standard (IFRS9) which introduced a requirement to assess the fair value through profit and loss of the council's loans to subsidiaries.

4.4.5 The 2019/20 budget strategy aimed to put the budget on a more sustainable and resilient footing by addressing ongoing service pressures. Despite this, key areas of risk remain in the medium term, notably the general economic uncertainty, including continued uncertainty around Brexit, together with demographic and cost pressures within the revenue budget and uncertainty over future funding for local government. 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.

4.5 Collection Fund

4.5.1 The Collection Fund covers both council tax and business rates. The Collection Fund recorded the following performance in 2018/19:

- A total council tax surplus balance on the fund of £2.300m at 31 March 2019 (Enfield's share is 81.3%, £1.870m). The surplus is due to collection levels exceeding budgeted targets over the last two years.
- A total business rate deficit balance of £7.444m (Enfield's share is £2.806m based on the national share of 30% of the deficit up to 31 March 2018 and 64% of the 2018/19 deficit). A prudent 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:

Table 2: Enfield Collection Fund Balances	Council Tax £'000	Business Rates £'000	Total £'000
Balance at 1 April 2018	(4,543)	1,590	(2,953)
In Year Movement	2,673	1,216	3,889
Balance at 31 March 2019	(1,870)	2,806	936

4.5.2 2018/19 was the first year of the London Business Rates Pool pilot scheme. The net benefit to Enfield is £4.7m which has been recognised in full in the 2018/19 revenue outturn and transferred to the Collection Fund Reserve. The Collection Fund Reserve was created to smooth any volatility (deficit) in future years local tax income. The reserve can be used to offset any shortfall in future tax income.

4.6 General Fund Balance

4.6.1 The level of the General Fund balances at 31 March 2019 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 2019/20 and Medium-Term Financial Plan report considered by Council in February 2019.

4.6.2 School revenue balances reduced from £2.5m at 31st March 2018 to £0.8m at 31st March 2019. 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.

4.7 Statement of Accounts

4.7.1 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 draft accounts went to Audit and Risk Committee on 19th June and the final accounts are due to be presented to the Committee on 25th July 2019.

4.8 2019/20 and Medium Term Financial Plan

4.8.1 The 2018/19 outturn position will need to be considered alongside the 2019/20 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 and other one-off sources of funding
- Budget pressures across demand led services, some of which have been offset by the one-off use of grant (e.g. flexible homelessness grant)

- 4.8.2 Many of the pressures identified during 2018/19 have been built into the 2019/20 budget or are being considered when setting the 2020/21 budget. The report of the Director of Finance “Medium Term Financial Strategy 2020/21 to 2024/25” which is also on this agenda considers these issues in more detail.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 Not relevant in the context of this report.

6. REASONS FOR RECOMMENDATIONS

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

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

7.1 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.

7.2 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 2019/20

7.3 Key Risks

The budget risks during 2018/19 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 2019/20 and many have been reflected in the 2019/20 budget by increasing budgets in areas with uncontrollable pressures. Where it was considered that pressures could be managed back into budget action plans have been drawn up to enable services to contain current year spending pressures.

There are also new and emerging risks to the budget which will need to be managed and the Budget Challenge board will continue to monitor progress in containing overspends relating to existing and emerging pressures during 2019/20

8. EQUALITIES IMPACT IMPLICATIONS

- 8.1 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.

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

9. PERFORMANCE MANAGEMENT IMPLICATIONS

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

10. IMPACT ON COUNCIL PRIORITIES

The recommendations in the report fully accord with the Council priorities:

Good homes in well-connected neighbourhoods
Sustain strong and healthy communities
Build our local economy to create a thriving place

11. PUBLIC HEALTH IMPLICATIONS

- 11.1 None in the context of this report

Background Papers: None

Chief Executive's	Net Budget Q3 Variation (£'000)	Net Budget Outturn Variation (£'000)	Change (£'000)
The department is currently projecting a saving of £300k achieved by changing the funding arrangements from revenue to capital for CCTV replacement programme. The movement since Q3 is due to controls imposed on planned commitments.	(300)	(432)	(132)
Agency Rebate: The forecast value of rebate has reduced in line with reductions in agency staff because of the drive across the Council to reduce the number of temporary staff.	141	179	38
Electoral Services: Overspend relates to the cost of May local elections which exceeded the balance held in the elections reserve.	82	133	51
Land charges: The income target for land charges is currently projecting a shortfall just as experienced during 2017/18 with further declines in the market being exhibited.	216	241	25
Internal Audit: The underspend is due to planned reductions in Audit contract costs; securing additional funding for Fraud Prevention and additional salary underspends achieved through the shared service arrangement.	(59)	(245)	(186)
Communications: An underspend was generated due to delays in delivery of some campaigns and efficiencies through an increased focus on digital communications with a channel shift policy adopted in advance of budget reductions planned for 2019/20.	0	(49)	(49)
Organisational Development: Savings achieved on discretionary training spend and grant funding secured.	(31)	(164)	(133)
Other Minor variances: Additional savings mostly due to VCS payments funded by reserves	(76)	(168)	(90)
Chief Executive Total	(27)	(505)	(476)

People	Net Budget Q3 Variation (£'000)	Net Budget Outturn Variation (£'000)	Change (£'000)
Adult Social Care			
Strategy & Resources: These services include, transport, grants to voluntary organisations, Safe and Connected, Safeguarding and Service Development. The underspend is within Safeguarding Adults. and the expenditure on safeguarding adults reviews, which is undertaken by external experts varies depending upon the number of reviews.	(86)	(81)	5
Mental Health: The overspend in Mental Health services is due to increased demand for care packages.	322	313	(9)
Learning Disabilities: The overspend relates to demand led services. There were also 30 transition cases in 2018/19. Substantial savings have been made in year however, demand for services continues to rise as a result of demographics.	720	719	(1)
Older People and Physical Disabilities (the Customer Pathway): The service care purchasing overspends are due to pressures in demand led residential and community based services. Substantial savings have been made in year however, demand for services continues to rise because of demographics.	2,340	2,334	(6)
Winter Pressures Grant 2018/19: The Department of Health provided £240m of additional Winter funding for councils to spend on adult social care services to help alleviate winter pressures on the NHS, enabling patients to return home more quickly and freeing up hospital beds across England. The relevant expenditure is reflected in the Older People and Physical Disabilities forecast overspend above.	(1,298)	(1,298)	0
IWE/Bridgewood: This includes the management fee to IWE plus client income at Bridgewood House. The Q3 monitor reported that IWE were experiencing significant cost pressures not reflected in the monitor, the final outturn resulted in an addition of £1.5m being required for the management fee.	0	1,520	1,520
Public Health Grant: The Departmental outturn also includes the ringfenced Public Health Grant. Though outturn reflects a neutral variance, in fact there was an underspend of £0.7m, primarily resulting from commissioning demand led services e.g. sexual health and drug & alcohol services (£0.5m) and staff vacancies across the service (£0.2m) and this was added to the Public Health Earmarked Reserve which now has a carried forward balance of £2.046m.	0	0	0
Other minor variances	(21)	(25)	(4)
Housing Related Support: The overspend is a result of difficulties in identifying a provider during the tender exercise for the floating support service, however, additional savings were achieved during Q4.	945	892	(53)
Adult Social Care & Public Health	2,922	4,374	1,452

People (cont.)	Net Budget Q3 Variation (£'000)	Net Budget Outturn Variation (£'000)	Change (£'000)
Education			
SEN Transport: Increased demand for transport provision continues in 2018/19 and savings agreed within the Medium Term Plan have not been achieved or where savings have materialised these have only resulted in stemming the growth in expenditure. The latest projection for 2018/19 is based on current pupil numbers/routes. The position may change in the following quarter due to pupil transition/new starters, but additional costs should be offset by re-routing efficiencies. Due to timing of this report it should be noted that the forecast does not take into account a recent provider failure.	2,132	2,168	36
Schools Traded Services: Overspend is due to setting income targets that have proved to be unachievable. This includes £230k from 2017/18 and a further £500k from 2018/19.	730	730	0
Joint Venture Cleaning Contract: Overspend due to reduced profit share income and staffing cost.	52	61	9
SEN Service: Vacancies due to delay in filling posts	0	(43)	(43)
School Improvement Service: Net underspend due to additional grant funding, additional traded income and staff vacancies	0	(70)	(70)
Historic Enhanced Pensions: Underspend due to a net reduction in monthly costs	0	(40)	(40)
Other Minor Variances	0	(30)	(30)
Children & Families			
No Recourse to Public Funds (NRPF): The service has committed to an invest to save model, funding both a fraud officer and an immigration officer to reduce the number of presentations and aid speedier Home Office decisions. Even though the work of the fraud officer and immigration officer is starting to show through a reduction in the numbers of new cases, and there are some families that have had their final immigration status confirmed, there remains insufficient funding within the budget to meet demand.	445	435	(10)
Special Guardianship Allowances: despite increasing budget in 2018/19 continued demand has resulted in a forecast overspend. Variation to Q3 is due to delays in the final court orders being granted.	292	240	(52)

People (cont.)	Net Budget Q3 Variation (£'000)	Net Budget Outturn Variation (£'000)	Change (£'000)
External Child Care Placements: The area is overspent due to the high cost of Agency Fostering, Community Homes, and Secure Remand placements. Variation to Q3 is due to the new placements in Community Homes and Semi-Independent accommodation, high cost of Crisis Intervention placement, mother & baby mental health assessment, three new secure remand placements and delays in court dates.	497	880	383
Prevention of Care Section 17: The underspend is related to the reduced number of families requiring social care support around housing. Variation to Q3 is due to delays in recruitment (payment by results to the recruitment agency).	(100)	(153)	(53)
Adoption Allowances: underspend due to fewer adoptive parents meeting the criteria for adoption allowances this year. Variation to Q3 is due to reduction in inter-agency fees because of the delays in the final court orders.	(218)	(302)	(84)
Youth Offending Unit (YOU): The underspend due to the difficulty in the recruitment of staff, staff leaving and a contract not starting. Posts which had expected to have been filled had funding profiled against them that has not been used. Additionally, due to the budget for sessional workers in the YOU being reduced from 2019 by £20k (and £20k the following year) YOU staff have started to reduce spend in that area to prepare for that budget reduction. Variation to Q3 is primarily due to reduced staffing costs as there were delays in permanent and agency posts starting and some staff left e.g. Head of YOU. In addition, some key pieces of work and training that had been booked such as a mock inspection could not happen when booked and had to be move to the next financial year.	(304)	(386)	(82)
People's Services Business Support: The underspend is due to the vacant posts including the Head of YFSS which has been offered for savings in 2019/20.	(150)	(167)	(17)
Community Safety: The underspend is a result of a vacant post and a historical goods receipt reversal. Variation to Q3 is due to capitalisation of planned expenditure, utilising reserves for the domestic violence project and extra income generation for CCTV cameras support.	(71)	(221)	(150)
In House Fostering: Enfield ended the automatic fee reduction for the second and subsequent child placed with in-house fostering families to boost the Council's recruitment and retention of its own foster carers. It is expected that the number of children who need to be placed in costly independent fostering agency placements will decrease. However, it might take several years for the effect to take place. Variation to Q3 is due to the overspend being funded corporately in-line with the Delegated Authority Report.	111	1	(110)

People (cont.)	Net Budget Q3 Variation (£'000)	Net Budget Outturn Variation (£'000)	Change (£'000)
Edge of Care: This is a transformation project to commission a Family Breakdown prevention team to reduce the short and long-term costs of Looked After Children provision.	0	0	0
UASC: The eligible expenditure for 2018/19 is greater than originally estimated and as such this is matched by the Home Office grant resulting in underspend against the general fund budget.	(263)	(217)	46
Controlling Migration Fund: The underspend hasn't been carried forward as originally planned.	0	(83)	(83)
Children In Need – Social Work Teams: Overspend due to a high level of extra hours in EDT and agency cover.	36	69	33
Safeguarding & Quality Assurance: Overspend due to PRP, vacancy factor and agency staff.	44	57	13
Leaving Care: There is a shortage of semi-independent accommodation which means clients are unable to be moved from their expensive residential placements. Also, in 2018/19 fifty six seventeen year olds were added to the Leaving Care budget. Variation to Q3: Eleven new clients were added in Q4. These young people came into care at seventeen and therefore would not have been reflected in the Looked after Children or Care Purchasing client log.	(100)	147	247
Pre-school Support for Disabled Children: Variance is due to vacancy and one-off underspend on operational budget.	0	(81)	(81)
Other Minor Variances	(93)	(26)	67
Education	2,914	2,776	(138)
Children's and Families Services	126	193	67
People Department Total	5,962	7,343	1,381

Place	Net Budget Q3 Variation (£'000)	Net Budget Outturn Variation (£'000)	Change (£'000)
Exec Director, Former Employees and Place Operational Hub: £89k favourable variance; due to underspends in the Place Operational Hub salary budget and other operational running efficiencies.	(50)	(89)	(39)
Development Management: £7k favourable variance, Due to S106 income for Planning Enforcement and TFL Air quality funding.	50	(7)	(57)
Parking Services: £96k adverse variance; this is due to: 1) The adverse variance is due to the declining number of PCN issues - April - Jan PCN issues are down by 4,976 compared to last year's (improved compliance from drivers). 2) Removal of Pay & display due to implementation of Cycle Lanes and Regeneration projects.	(76)	96	172
Traffic and Transportation Service: £136k favourable variance; the under spend is mainly due to increased income from Traffic Orders, as a result of higher than estimated utility works across the Borough.	(40)	(136)	(96)
Regulatory Services: £79k favourable variance; due to salary recharges to the Alleygating capital project and utilisation of 2018/19 the Rogue Land Lord grant.	0	(79)	(79)
Cemeteries: £75k favourable variance, due to income overachievement from cemeteries services, vacant post and cost efficiencies across the service.	(40)	(75)	(35)
Health and Safety Team: £150k favourable variance, 1) The main under spend is due to salary under spend £96k (vacant posts) 2) Occupational Health Contract under spend is estimated £40k 3) Occupational Health good receipt reversal from 2017/18 £35k 4) offset by income shortfall and other running costs pressures £21k	(83)	(150)	(67)
Management Team (Street Scene Services and Parks): £53k favourable variance - due to salary underspend (vacant post).	(52)	(53)	(1)

Place (cont.)	Net Budget Q3 Variation (£'000)	Net Budget Outturn Variation (£'000)	Change (£'000)
Street Scene Services: £61k adverse variance 1) Due to additional street cleansing costs (summer initiatives) 2) Plus additional fly tip clearances due to the impact from Trespass and Enforcement Actions on Council land.	0	61	61
Parks Operations and Outreach: £144k favourable variance The underspend is due to additional grants from Heritage Lottery and efficiencies generated from incorporating the Cemeteries contract into the Parks Operations schedule.	(50)	(144)	(94)
Commercial Services Parks: £75k adverse variance Due to shortfall of income from Parks Events (cancellations of 3 Parks Events).	56	75	19
Commercial Services Parks (Whitewebbs Golf Course): £134k adverse variance, this is due to the delays in awarding the leasing of the Whitewebbs Golf Course contract.	173	134	(39)
Waste Operations and Waste Client: £79k adverse variance Due to increased Matrix costs in March 2019 (Agency costs).	0	79	79
Waste Processing (BIFFA): £145k adverse variance Changes in the China policy towards recycling materials, which has increased the cost of processing from £26.52 to £48.44.	70	145	75
Commercial Waste Services: a £180k favourable variance Due to additional income generated from the successful marketing of the commercial waste services and an increase in fees and charges, North London Waste Authority commercial waste disposal rebate and other operational efficiencies.	(163)	(180)	(17)
People Transport: £258k adverse variance, this relates to the cost of the EDGE contract for 2018/19 and is proposed to be funded through the Flexible Use of Capital Receipts.	0	0	0

Place (cont.)	Net Budget Q3 Variation (£'000)	Net Budget Outturn Variation (£'000)	Change (£'000)
Facilities Management: £991k adverse variance 1) Not renting the Civic Centre's 5th floor has resulted in unrealised income of £360k 2) Civic Centre rent free period for Wates and EBSCO cost £245k 3) Cleaning and Security contract over spend (about £100k), which is due to increase in the London Living Wage 4) Delays in the implementation of £150k saving pressure related to alternative use of buildings 5) Enfield Business Centre is now used as a library (loss of income £65k) 6) Unfunded cleaning costs for Enfield Highway & Edmonton Libraries £65k 7) FM salary under spend £113k 8) St. Andrew's rent increase of £230k (including backdated rent) 9) £120k related to the Gentleman's row disposal saving that did not proceed 10) Rent payable reduced by £100k - credits due to GRIR PO's reversals 11) Document management underspend by approx. £70k, due to underspend on postage costs. 12) Plus other minor net variances of £61k (favourable)	1,247	991	(256)
Property Holly Hill Income (Bunding Income): £1.724m adverse variance, due to income shortfall as a result of delays in the Holly Hill project and discharging of the Planning Conditions.	1,605	1,724	119
Vacant Sites: £421k adverse variance The over spend is due to non-capital Clearways security costs (can't be capitalised); the costs are related to Montagu Industrial Estate £335k, Bury Street West £59k, Broomfield House £28k and Ridge House Clinic £18k. Offset by other minor under spends of £19k.	0	421	421
Disposals Programme: £321k adverse variance 1) £270k was rolled over from previous years to 2018/19, this sum is related to costs associated with various properties on the disposal list. But this year we have been advice not to roll these costs to future years, instead will show them as an over spend in 2018/19 2) £67k over spend is due to Reardon Court non capital costs - related to costs incurred before 18/19 (unfunded) 3) Other minor variances - £16k net underspend	0	321	321

Place (cont.)	Net Budget Q3 Variation (£'000)	Net Budget Outturn Variation (£'000)	Change (£'000)
Non HRA Parks Properties: £185k adverse variance, the overspend is due to the expected spend on R&M (NON-HRA properties) and Septic tank installation costs @ 1,2,3,4,5,6 Shawswood and Eastpole Cottages.	200	185	(15)
Property Corporate Commercial Portfolio: £295k favourable variance 1) Palace Gardens ground rent increase (backdated) £49k 2) Montagu Industrial Estate rent payable and running costs are less than predicted in Jan (£80k) 3) Claverings industrial estate rent, Insurance & service charge to internal clients at (£64k) 4) Knight Frank Green belt costs £88k less than estimated 5) And other minor variances of £14k	(51)	(295)	(244)
Strategic Property Services (SPS): £166k favourable variance: This is mainly due to underspend in salary costs & increase in SPS recharges to various projects.	(191)	(166)	25
Corporate Maintenance & Construction Services: £78k favourable variance, due to salary under spend and surpluses made through recharges to capital and other CMCT managed projects.	0	(78)	(78)
Regeneration: favourable variance of £213k, this is due to greater staff time been allocated to Regeneration and Meridian Water capital schemes.	(120)	(213)	(93)
Trespass and Enforcement Actions on Council land: £646k adverse variance Trespass and Enforcement Actions on Council land.	279	646	367
Housing: Temporary Accommodation (TA): £9k adverse variance	46	9	(37)
Other Minor variances	8	(2)	(10)
Place Total:	2,818	3,220	402

Resources	Net Budget Q3 Variation (£'000)	Net Budget Outturn Variation (£'000)	Change (£'000)
Finance Hub: the deputyship team was established on a full cost recovery basis that has not been possible to implement plus increases in demand have required additional resources to be employed which has further increased the pressure on the service budget.	84	159	75
Financial Assessments: overspend is forecast due to the continued level of demand experienced and staffing resources required to meet it. Costs have been mitigated through creating fixed term opportunities rather than reliance on temporary staff. Further savings were achieved through the application of grant funding for the provision of assisted digital and personal budgeting support.	272	176	(96)
Income Collection: overspend forecast due to reduction in level of court fees received through court summonses and court costs. There was also a staffing overspend because of a continued level of demand for services. The movement was due to lower levels of court fees than anticipated were received.	528	671	143
ICT operational budget: overspend due to new IT posts which are to be created with a part year effect in 2018/19 of £500k and a further £400k required to support GDPR and the additional resources required to transition into the new structure. Following the Pressures Challenge Board in 2018/19, £500k has been allocated for part-year effect of the ICT restructure which reduced the reliance on agency staff. The movement was due to additional work packages being extended in meeting operational, technical, security and data protection requirements.	515	896	381
ICT Contracts: this relates to a savings expectation of £1.0m in IT contract costs which are considered to be at risk of delivery and was also due to income targets relating to the commercialisation of IT related services also considered at risk of delivery within 2018/19. Where relevant Flexible Use of Capital Receipts was applied to support the ICT transformation programme delivery and the movement was due to a number of historic work programmes coming to an end; better controls in place and savings achieved through supplier negotiations.	425	(582)	(1,007)
ICT Applications/Licences: revenue impact of the annual maintenance/licence costs associated with the capital programme.	750	754	4

Resources (cont.)	Net Budget Q3 Variation (£'000)	Net Budget Outturn Variation (£'000)	Change (£'000)
Transformation Team: these relate to staffing costs and improved position is following a review of capital and HRA recharges and this will be funded using capital receipts.	0	(25)	(25)
Procurement: The overspend relates to savings target that are considered at risk, including the commercialisation of the service. Procurement savings were part delivered which resulted in a reduced overall overspend.	715	633	(82)
Procurement & Commissioning Co-managed Service Contract: The Council's 2018/19 Budget Report agreed that this contract would be funded from the Flexible Use of Capital Receipts.	0	0	0
Leisure & Culture: adverse variance relates to not achieving expected 2017/18 income targets and the impact this has on the likelihood of meeting the increased expectations that are reflected in the Medium Term Financial Plan. Mitigating actions are in progress to get the service operating within budgeted expectations.	951	918	(33)
Customer Operations: the underspend has resulted from an increase in HRA recharges and controls on agency expenditure.	(226)	(231)	(5)
Other Minor Variances	224	0	(224)
Resources Total	4,238	3,369	(869)

Corporate	Net Budget Q3 Variation (£'000)	Net Budget Outturn Variation (£'000)	Change (£'000)
Levies: Underspend against apprentice levy in 2018/19.	0	(268)	(268)
Contingency: This is mainly unallocated funding from the contingent items budget and general contingency (£2.3m) together with additional miscellaneous income (£0.2m)	(2,900)	(2,484)	416
MRP Minimum Revenue Provision contribution was less than the budgeted amount with the balance transferred to the MRP reserve	0	(1,296)	(1,296)
Treasury Management: Underspend results from lower interest payments and interest recharged to companies and major schemes for borrowing carried out on their behalf.	(5,614)	(4,942)	672
Corporate Total	(8,514)	(8,990)	(476)

Use of Capital Receipts in 2018/19

The table below shows how we used capital receipts in 2018/19

2018/19 Cost of Transformation Initiatives	£'000s	Planned Savings and Demand Reductions
People		
Edge of Care (Children's)	382	The Edge of Care transformation project will commission a Family Breakdown prevention team to reduce the short and long-term costs of Looked After Children provision.
Place		
EDGE Transport Contract	259	The EDGE Transport Contract is an invest to save initiative relating to the Councils People Transport Service, carried out by EDGE Public Solutions with and on behalf of the Council. This is the third and final year of the project and has been successful in terms of both savings and improvement of customer experience.
Resources		
IT Services and Transformation Team	1,129	ICT projects that will deliver transformation and more efficient ways of working that will generate revenue savings and improve performance.
Procurement and Commissioning co-managed service contract	1,894	Procurement services/roles across the Council were brought together to form the Procurement & Commissioning Hub as part of the Enfield 2017 transformation programme. The Procurement & Commissioning Hub is made up of Enfield employees and the Council's co-managed partner EY. A focus of the work carried out by the hub is on contract and commissioning reviews, innovative procurement and programme management of MTFP savings.
Total to be funded from Capital Receipts 2018/19	3,664	

Housing Revenue Account Outturn Variances 2018/19	Variance £000's
Rents Dwellings A reduction in the level of rental income is due a higher level of decants than originally budgeted for	340
Non-Dwelling Rents A reduction of £0.18m in garage rental income is mainly due to the reduction in private garages being let. The charge was significantly increased in 2018/19 and this has seen an increase in the expected void rate (estimated rate 60% actual 62.4%) This month's shop projection is showing a loss of income of £0.12m due to shops becoming vacant throughout the year. The community halls budget has incurred increased costs for external cleaning and old energy bills resulting in an overspend of £0.11m	420
Repairs The repairs and maintenance budget is showing an overall underspend of £1.5m. Some planned schemes were put on hold (including the painting programme) to mitigate the pressure in the voids budget. Enfield's properties are being returned in a poor state and there has been a rise in the number of evictions which increases the cost of repairs and clearance. The boiler replacement costs were capitalised at year end which has increased the overall saving. The saving will be added to the repairs reserve for future years contribution	(1,670)
Supervision and Management General The main overspends were due to additional insurance costs for dwellings (£0.78m), staff costs in the Regeneration and Development team that can't be capitalised, reduction in administration income from RTB sales (£0.11m) and an increase in the recharges from the general fund. Other pressures included higher salary costs due to agency staff covering permanent posts and an increase in the recharge for vehicles in the communal services budget. Overspends were partly offset by savings within the sheltered housing team due to vacancies and a reduction in the electricity charges due to properties moving to ground source heating	1,650
Bad Debt provision This year has seen an improvement in the collection of our arrears, this has reduced the contribution required to the provision of bad debt.	(320)
Depreciation There has been an increase in the depreciation for non-dwellings	280
Other Items	20
Overspend before Reserve Transfers	720
Transfer repairs underspend to R & M reserve	1,670
HRA overspend after reserve transfer	2,390
Use of HRA Balances	(2,390)
Net HRA Outturn	0.00

Reserves and Balances	31 March 2018 £m's	Net Transfers 2018/19 £m's	31 March 2019 £m's
Housing Revenue Account			
HRA Repairs Fund	9.4	1.7	11.1
HRA - Capital Reserve	4.2	(3.3)	0.9
HRA Insurance Fund	0.0	0.2	0.2
Total HRA Earmarked Reserves	13.6	(1.4)	12.2
General Fund			
Service Projects/Programmes			
General Fund - Capital Reserves	6.8	(5.3)	1.5
Troubled Families	1.4	0.2	1.6
Projects Reserves	8.0	0.2	8.2
ICT Investment Fund	0.9	0.0	0.9
Risk and Smoothing Reserves			
Restructuring & redundancy reserve	0.6	(0.6)	
Repair & Maintenance	1.3	0.5	1.8
Repairs Fund for Private Sector Leasing	0.6	(0.0)	0.6
PFI	0.6	(0.1)	0.5
NLWA	0.0	1.0	1.0
Invest to Save	0.0	2.0	2.0
Risk Reserve	14.0	(1.0)	13.0
Interest Rate Equalisation Reserve	7.4	0.0	7.4
Insurance Fund	6.5	0.1	6.6
Welfare Benefits Reserve	2.2	(0.1)	2.1
Housing Benefits Smoothing Reserve	0.0	1.8	1.8
Collection Fund Equalisation Reserve	6.0	4.5	10.5
	56.3	3.2	59.5
Capital Financing Reserves - ring-fenced for future commitments			
Minimum Revenue Provision Reserve	7.9	7.4	15.3
Sub Total	64.2	10.6	74.8
Dedicated Schools Grant Reserve	(0.7)	1.8	1.1
S106 Receipts	0.5	(0.1)	0.4
Public Health	1.3	0.7	2.0
Total General Fund Earmarked Reserves	65.4	13.0	78.4
Total Earmarked Reserves (HRA & GF)	79.0	11.6	90.6
General Fund Balance	14.0	0.0	14.0
General Fund Earmarked Reserves	65.4	13.0	78.4
Total General Fund Reserves and Balances (excl. schools balances)	81.8	11.4	93.2
HRA Balance	7.0	(2.4)	4.6
HRA Earmarked Reserves	13.6	(1.4)	12.2
Total HRA Reserves and Balances	20.6	(3.8)	16.8

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MUNICIPAL YEAR 2019/2020 – REPORT NO. 40

MEETING TITLE AND DATE

Cabinet: 17 July 2019

REPORT OF:
Executive Director of Resources

AGENDA PART 1	ITEM: 5
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SUBJECT - CAPITAL OUTTURN 2018/19
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Key Decision No: 4923 Cabinet Member consulted: Cllr Maguire

Contact: Matt Bowmer
Tel: 0208 379 5580
E mail: Matt.Bowmer@enfield.gov.uk

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to detail the outturn position of the Council's 4-Year Capital Programme as at the end of 2018/19.
- 1.2 This is the fourth and final report of 2018/19, following similar monitoring reports as at Period-3 (Q1), Period-6 (Q2) and Period-8.
- 1.3 At Period-8 (November), the forecast outturn position across the General Fund and HRA was £189.6m, actual outturn is £188.7m. This represents 99% spend, compared to Period-8 forecast.

2. RECOMMENDATIONS

It is recommended that Cabinet notes:

- 2.1 The Capital outturn, as detailed in Table 2,
- 2.2 The project outcomes in Section 5,
- 2.3 Additions to the programme since the last monitor in Period-8,
- 2.4 and the funding of the Council's capital expenditure for 2018/19 in Table 5.

3. INTRODUCTION

- 3.1 The Council's Capital Programme for 2018/19 to 2021/22 was approved by Council in February 2018. The Capital Programme is monitored and reported to Cabinet on a quarterly basis. This includes any additions, reductions and reprofiling of approved budgets.

4. OUTTURN POSITION

- 4.1 The total expenditure on the Capital Programme for 2018/19 is £188.7m, against the Period 8 forecast of £189.6m. The position by Directorate is summarised below in Table 1, with further analysis in Table 2.

Table 1: Summary Outturn by Directorate

Department	2018/19 Revised Budget	2018/19 Outturn	Spend to Budget
	£000's	£000's	%
Resources	12,976	11,002	84.8%
People	18,085	21,060	116.4%
Place exc. HRA	79,140	84,807	107.2%
HRA	73,920	69,043	93.4%
Companies	5,429	2,750	50.7%
TOTAL	189,551	188,662	99.5%

- 4.2 A breakdown of the variances between programme reprofiling and over/underspends is shown below in Table 2. Explanations for variances over £0.500m are detailed in Section 3.
- 4.3 Detailed outturn expenditure and variances by project are shown in Appendix A.

Table 2: Capital Outturn

Capital Outturn	2018/19 (Nov) Budget	2018/19 Budget Adjustments	2018/19 Revised Budget	2018/19 Outturn	Variance	Reprofiling	(Under) / Overspend
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
General Fund							
Assessment and Commercial Services	2,471	0	2,471	2,143	(328)	(328)	0
Customer Experience & Change	10,505	0	10,505	8,859	(1,646)	(1,646)	0
RESOURCES	12,976	0	12,976	11,002	(1,973)	(1,973)	0
Adult Social Care	552	0	552	492	(60)	42	(102)
Education	17,334	0	17,334	20,348	3,014	187	2,827
Community Safety	200	0	200	221	21	21	0
PEOPLE	18,085	0	18,085	21,060	2,975	250	2,725
Environment & Operations	27,147	0	27,147	26,353	(794)	(1,046)	251
Meridian Water	44,028	0	44,028	50,081	6,053	0	6,053
Property & Economy	5,870	0	5,870	6,278	408	455	(47)
Housing Enabling	109	1,987	2,096	2,096	0	0	0
PLACE (exc. HRA)	77,153	1,987	79,140	84,807	5,666	(591)	6,257
Total General Fund	108,215	1,987	110,202	116,870	6,668	(2,314)	8,982
Housing Revenue Account	75,907	(1,987)	73,920	69,043	(4,877)	(4,186)	(691)
Companies (LVHN & HGL)	5,429	0	5,429	2,750	(2,679)	(2,679)	0
Total Capital Expenditure	189,551	0	189,551	188,662	(889)	(9,180)	8,291

- 4.4 The budget adjustment of £1.9m represents right to buy receipts that are transferred to Registered Providers to assist in either developing housing sites or acquiring properties.
- 4.5 Reprofiling represents budget adjustments to reflect project delivery timescales.

- 4.6 Underspends in the above table are for projects completed and under budget, whereas projects which are 'overspent' have experienced accelerated spend and are funded from additional resources.
- 4.7 The next section provides details of significant areas of spend during 2018/19 and the associated outputs delivered by those schemes.

5. PROJECT OUTCOMES

5.1 Meridian Water (£50.081m)

The main activity for Meridian Water in 2018/19 was the construction of the train station. The cost of work completed as at the end of March 2019 was £39.5m, with any remaining work expected to be completed before the opening of the station in May 2019. The public realm works outside the station have commenced with £2m of works already completed in 2018/19. The Willoughby Lane site had ground and water remediation works during the year, the majority of which was completed at a cost of £2m. Planning and design for roads, pathways and flood alleviation as part of strategic infrastructure works across the Meridian Water site have been ongoing throughout 2018/19, at a cost of £4.6m.. The purchase of 4 Anthony Way for £2.1m was completed in 2018/19. The National Grid overage agreement was bought out for £5.3m which reduces the Council's external financial risk and administrative burden regarding the development of the site.

5.2 Education (£20.348m)

Work continues to progress on the Schools Capital Programme with further improvements made to the condition of a number of schools, including:

- Additional places for 70 children with complex needs at West Lea Special School,
- Refurbished building for 120 learners at Durant's Special School,
- 100 additional places for Orchardside School,
- Autism provision at Springfield school where 20 additional places were created and due to open in September 2019.

5.3 IT Investment (£8.713m)

The Council's ICT Capital Programme aims to improve the customer experience of individuals, businesses, and employees through enabling a digital workforce and operating seamlessly through its systems. The following have been delivered in 2018/19:

- SAP BPC- a budgeting monitoring tool implemented in 2018/19 which reduces the need for manual entries, verification and the reliance on spreadsheets. It enables the Council to produce its regular budget monitoring more efficiently
- Neptune Procurement - the introduction of a modern Council-wide tool will enable self-service for procurement processes. This replaces previously manual methods and will improve processes for staff and businesses providing services to the Council.

- Build the Change (New Device Rollout)- the Council has replaced over 2,000 laptops and devices expecting to last for the next 4 years. It will enable flexibility for staff and allow remote working, which will reduce to remain office based and will allow connectivity throughout the borough. These are compatible with modern applications improving reliability and ensuring that these are easier and cheaper to support.
- Payments Programme- 2018/19 has seen the replacement of the online payments system using Capital 360. It consolidates the payment systems, improves security and the ability to offer 24/7 payments for customers.

5.4 Highways (£7.360m)

The Council's Capital Programme for Highways and Street Scene in 2018/19 has resurfaced/reconstructed 10.3km (6.4 miles) of carriageways, renewed 6.6km (4.1 miles) of footways, repaired over 20,000 highway defects such as potholes, paving trips and damaged kerbs and planted over 500 street trees. The Council has replaced and refurbished several footbridges and undertaken maintenance works to several other bridges. The funding for flood alleviation/watercourse projects has attracted significant external funding in order to deliver larger flood alleviation projects at locations such as Enfield Town, Broomfield Park and several feasibility studies and designs for future projects.

5.5 Transport for London: Cycle Enfield (Mini Holland) (£7.152m)

The focus of the Cycle Enfield Programme in 2018/19 has been delivery of the A1010 South major project with substantial completion of the route from Ponders End to Edmonton Green, creating 6.5km of segregated cycle lanes as well as introducing a series of pedestrian crossings and signalling the Edmonton Green roundabout, including public realm improvements, tree planting and the introduction of rain gardens. In addition to this, financial year 2018/19 has seen development of the design for the A1010 North major project, which subject to approval, will deliver a further 7km of segregated cycle lanes. The funding was also used to complete the Enfield and Edmonton Green Station primary Cycle Hubs, each of which provides secure parking for over 50 cycles covered by CCTV and lit at night, available 24/7. Finally, the investment has enabled the internal research, design and build of a prototype mini cycle hub for future delivery at other transport hubs across the Borough.

5.6 Transport for London: Local Implementation Plans (£2.088m)

A significant proportion of the LIP funding has been aligned with the Cycle Enfield programme. This investment has enabled the design and delivery of cycle routes on quieter roads which connect to the major projects and help build the network. These routes have included both improvements to existing pedestrian crossings and the creation of new facilities, such as the new parallel zebra crossing on Church Street, as part of the new Salmons Brook route connecting the A105 and A1010 South major projects. LIP funding has also enabled the progression of the Quieter Neighbourhood project, including trials to reduce the speed and volume through residential areas, along with the delivery of a series of width restrictions, new crossing points at schools, new rain gardens and the introduction of a new 20mph zone. A series of community events and wider

communications have been delivered as part of the wider behaviour change programme.

In addition to supporting the Cycle Enfield programme, LIP capital investment has delivered a range of road safety enhancements, including upgrades to pedestrian crossings and measures to slow traffic; enabled more bus stops to be made accessible to people with impaired mobility; reduced unnecessary sign clutter; and secured improvements to the Council's rights of way network.

5.7 Disabled Facilities Grant (DFG) (£2.050m)

DFG supports the provision of Enfield's housing adaptations to enable disabled residents to live independently at home for as long as possible. Residents are provided with essential housing adaptations such as ramp access, stair lifts, level access showers, hoist etc. In 2018/19 we received 227 referrals from Adult Social Care (including for children), 147 referrals were approved and a total of 186 adaptations were completed.

5.8 Vehicle Replacement Programme (£8.369m)

Spend continued in developing a comprehensive vehicle replacement plan that promotes the most cost-effective management of the Council's vehicle fleet. Purchases include:

- Wheelchair accessible buses
- 3.5t tippers for vans, Parks, Tree Services & Housing
- Vans for parks, cemeteries and IWE
- Mercedes refuse trucks
- Plant and equipment for cemeteries contract
- Fleet department service van
- CCTV equipment fitted to refuse trucks

5.9 Building Improvement Programme (£1.887m)

Planned and cyclical improvement works are carried out across various Council dwellings to enhance the Council's assets. In 2018/19, this has included:

- External decorations, gate refurbishment, fire alarm and boiler replacement at Forty Hall,
- Various replacements and refurbishment work at Millfield Art Centre,
- Improvements to Broomfield Park, including structural support repairs to Bowls Club,
- Fuel tank installation at Trent Park,
- Other various upgrades and replacements (i.e. boilers, fire alarms etc.) to dwellings including Winchmore Hill Library, John Wilkes House, Bramley Sports Ground and others.

5.10 Electric Quarter & Ponders End (£1.128m)

Several families welcomed the New Year in their new homes following the development of 40 private town houses and 21 affordable units in Ponders End's Electric Quarter. In addition to the homes, associated landscaping and car parking area were also completed. Heating and hot water in all housing in Phase-A is provided by Council owned company Energetik.

£480k was spent on compensation payments associated with Electric Quarter CPO land acquisitions, required to deliver Phase-B of the scheme which will provide 106 housing units, commercial units, library and nursery.

As part of the Ponders End High Street Delivery; architectural and design work progressed for a number of sites including Glyn Road car park, Swann Annex, Ponders End Park and EQ Civic Space/Creative Hub.

For the Ponders End White Hart Pub; stage 0/1 feasibility report was completed identifying high level development opportunities/design to intensify site for housing (work includes 3 options for housing up to 60 units with commercial on ground floor, parking and public realm).

5.11 Housing Revenue Account (£69.043m)

The HRA continues to provide affordable housing and carries out major and minor works to maintain the existing housing stock.

New Avenue - the construction of Phase 1 has made good progress. There is a community centre and 127 dwellings, 53 of which are affordable. 47 of the units will be for affordable housing using London Affordable Rents and 6 will be sold to returning leaseholders buying into a shared equity deal. The project also includes a low carbon, low pollution district heating system to be managed by Energetik. The completion of Phase 1 is scheduled for early 2020.

Small Sites 1 - the construction of 6 remaining sites consisting of a total of 72 units has progressed. Included in this are: affordable rented units (4 wheelchair adapted), 15 shared equity/ownership affordable sales, and the balance being privately sold. Overcoming budget challenges will allow the completion of all sites to take place in Summer 2019.

Padstow Perrymead and Hedgehill (PPH) - there is a development of 13 homes for private sale to subsidise the 15 affordable houses built at Ordnance Road. The construction works commenced in April 2017 and completion was achieved in December 2018. All 13 homes have now been sold, completed and exchanged on 12 homes to date with the remaining house due to complete in June 2019. Income achieved from sales was circa £6.3m.

Ladderswood – Phase 1 consists of 23 affordable units and 17 private units which were handed over during October 2017. These properties are being managed by One Housing and are now all in occupation. Phases 2 and 3 are progressing well. Utility and ground works have been completed to form the basement car park. These phases will deliver 114 Private units, 21 affordable homes, 85 Bed Hotel and 6 commercial units by September 2019.

Feasibility - viability studies and planning preparations are being completed on several schemes including Newstead and Upton and Raynham.

6. VARIANCES

6.1 A breakdown of the variances is shown below.

Table 3: Variance Analysis

Capital Budget Variations		Reprofiling	(Under) / Overspend
		£'000	£'000
<u>Resources:</u>			
Housing Adaptations (DFG)		(314)	0
Housing Assistance		(12)	0
Forty Hall		(2)	0
IT Investment	i	(1,676)	0
Libraries		31	0
<u>People:</u>			
Care Home Reprovisions		0	(102)
Extra Care Housing: Reardon Court		42	0
Education		187	0
*Devolved Schools' Capital	ii	0	2,827
Community Safety		21	0
<u>Place:</u>			
Flood Alleviation		0	186
Highways & Street Scene	iii	(629)	0
Edmonton Cemetery	iv	(527)	0
Southgate Cemetery		(3)	0
Play Areas		(41)	0
Tennis Courts Works at Firs Farm		(22)	0
Parks (Other)		0	19
Recycling		6	0
Vehicle Replacement Programme		66	0
Traffic and Transportation		0	46
Transport for London		106	0
*Meridian Water	v	0	6,053
Building Improvement Programme	vi	(674)	0
Broomfield House		(39)	0
Town Centre Regeneration		43	0
Electric Quarter & Ponders End		(222)	0
Bury Street West Depot		(56)	0
Edmonton Cemetery Chapel Conversion		47	0
Montagu Industrial Estate	vii	1,104	0
Genotin Road (Metaswitch)		251	0
Corporate Schemes (Other)		0	(47)
<u>Housing Revenue Account:</u>			
Major Works		0	108
Minor Works	viii	0	(799)
Estate Renewals	ix	(4,186)	0
<u>Companies:</u>			
Energetik	x	(929)	0
Housing Gateway Ltd	xi	(1,750)	0
		(9,180)	8,291
Overall Variance			(889)

**The reported overspends are funded as follows:*

£2,827k - Devolved Schools Capital (contribution from schools)

£6,053k - Meridian Water (additional funds approved Jan 2019)

Notes to Table 3

i. IT Investment (-£1,676k)

The main reason for the underspend of £1.676m within year is due to the Infrastructure Programme that was expected to commence in Q4. This was delayed due to additional scoping work required with suppliers of the new infrastructure and the work to identify the decommissioning of services being replaced. This led to a £1.621m underspend which will be carried forward into 2019/20. This programme is now being delivered owing to a Key Decision signed off in April 2019 to assign funding for the whole programme.

ii. Education- Devolved Schools Capital (+£2,827k)

Devolved capital spend is a programme which allows schools to directly manage minor capital works. Schools report gross expenditure from this programme to the Council at year-end.

The expenditure is 100% funded by a combination of grant allocations from the Education and Skills Agency and contributions from schools.

iii. Highways and Street Scene (-£629k)

A couple of carriageways resurfacing, and footway renewal schemes were re-programmed into 2019/20 as a result of the need to coordinate the Borough's work programmes with those of utility companies. Furthermore, Enfield received an additional allocation of £778k late in 2018 from the Department for Transport with the condition that it had to be spent by 31st March 2019. Work funded from this additional allocation was therefore delivered as a priority over other schemes which were subsequently reprogrammed for April/May in accordance with the availability of road space and contractor's resources. All the work associated with the funding that has been carried forward is committed and is being delivered in April/May 2019.

iv. Parks- Edmonton Cemetery (-£527k)

The Main contractor Dawnus Construction Holdings Ltd entered administration during the year and consequently works did not progress as anticipated.

v. Meridian Water (+£6,053k)

Total spend on the Meridian Water project was £50m in 2018/19, which was £6m more than originally forecasted. Main reasons for this was the portfolio decision in December 2018 to buyout the National Grid overage for £5.3m, This expenditure was not included in the year end forecast , which was completed in November 2018.

vi. Building Improvement Programme (-£674k)

The planned provision of agricultural sheds at Beech Barn Farm (£450k) was delayed because of retendering requirements due to ground subsoil issues.

Expected refurbishment to Pymmes Park (£220k) was put on hold due to a delay in developing a business plan.

vii. Montagu Industrial Estate (+£1,104k)

There is a variance of £1.1m compared to the last forecast for Montagu. The main reason for the increased spend is the purchase of 10 Princes Road, which came onto the market, it was originally expected to be purchased via CPO in 2020. This resulted in £1.8m of additional spend that was not forecasted for. Much of the original forecast of £1.5m was for the demolition of buildings, not all of this was completed with £700k of demolition work being phased into future years.

viii. HRA- Minor Works (-£799k)

Following the review of all major works projects in 2018/19, several projects, including Great Cambridge Road West had to be redesigned. Other projects that faced delays include Upper Edmonton, Enfield Highways and Hertford Road.

The Brimsdown Pod Replacement scheme saw the main contractor Lakehouse go into administration in January thereby leaving the Council with an underspend and the need to find an alternative route to completion. Winchmore Hill and New Southgate, while progressing with building works reasonably well have experienced delays due to Network Rail and UKPN approvals respectively.

ix. HRA- Estate Renewals (-£4,186k)

The Estate Renewal budgets have been reprofiled to reflect the accurate position for all projects. The main movements in the projects are due to the following:

- Alma- a reduction in the expected number of leaseholder buybacks has reduced partly due to a change in legal support which has delayed the buybacks completing. Phase-1 will see the completion of 97 affordable HRA units in June 2019.
- Small Sites 1- reprofiled to reflect delays on site, mainly due to the design of the Sustainable Urban Drainage System. This project is due to complete in Summer 2019.

x. Energetik (-£929k)

It was envisaged for Energetik to undertake the following works in 2018/2019:

- Diverting the trunk sewer on the EcoPark which runs under the proposed leased site of our energy centre.
- Extending a district heating pipe from the Alma Estate to Ponders End High Street.

The first was delayed following an agreement for Thames Water to change the scope of survey and design works to reduce costs. This resulted in further survey works by Thames Water hence delaying physical works on site.

The latter has been delayed for two reasons; primarily due to the postponement of Electric Quarter Phase B, meaning this extension is not required to be operational until 2020. Secondly, because of Countryside's decision not to install part of this extension until the summer of 2019.

xi. Housing Gateway (-£1,750k)

As at Period 8 the company forecast it would require an additional loan drawdown of £1,750k. This was based on having 5 properties in the pipeline, to purchase. However, the asking prices did not meet the company's yield requirements. Lower offers were made but these were rejected by the seller. Therefore, the forecast loan drawdown was not required.

7. ADDITIONS TO THE CAPITAL PROGRAMME

7.1 The table below details approved additions to the Capital Programme since P8.

Table 4

Approved Additions since Period-8	Profiling to be agreed £'000	Cabinet / Council Date	KD / Ref.
PEOPLE			
Education	16,400	Jan-2019	KD4755
PEOPLE TOTAL	16,400		
PLACE			
Enfield Rural Catchment	343	Feb-2019	KD4795
Highways & Street Scene	6,450	Feb-2019	KD4821
Waste and Recycling Collections	2,280	Feb-2019	KD4810
Community Safety - CCTV	300	Feb-2019	SCS3
Corporate Property Investment Programme	1,900	Jan-2019	KD4792
Meridian Water	34,382	Jan-2019	KD4469
Broomfield House	180	Mar-2019	Operational Decision
PLACE TOTAL	45,835		
HOUSING REVENUE ACCOUNT			
Major Works	39,833	Feb-2019	KD4741
Minor Works	3,115	Feb-2019	KD4741
Estate Renewals	146,005	Feb-2019	KD4741
Estate Renewals: Small Sites	3,700	Jan -2019	KD4741
HRA TOTAL	192,652		
TOTAL	254,887		

8. FINANCING THE CAPITAL PROGRAMME

8.1 The capital expenditure was financed as set out in the below table.

Table 5

Sources of Funding	General Fund	HRA	Companies
	£'000	£'000	£'000
Borrowing	15,272	0	0
Borrowing funded by Deferred Capital Receipts	50,081	0	2,750
Capital Grant & Contributions	40,619	2,555	0
Capital Receipts	2,238	16,825	0
Earmarked and Capital Reserves	8,660	23,089	0
Major Repairs Allowance	0	26,573	0
Totals	116,870	69,043	2,750
Total Capital Funding	188,662		

8.2 External borrowing is used by the Council to finance a portion of the Capital Programme. Further information is included in the Treasury Management Outturn Report also on this Cabinet meeting agenda.

8.3 The Quarter 1 Monitor in the new financial year will include details of reprofiling from 2018/19. The latest 2019/20 programme, including reprofiling, 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.

9. ALTERNATIVE OPTIONS CONSIDERED

9.1 Not relevant in the context of this report.

10. REASONS FOR RECOMMENDATIONS

10.1 To ensure that members are aware of the Capital outturn position for the authority

11. COMMENTS OF OTHER DEPARTMENTS

11.1 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.

7.2 Financial Implications

Financial implications are implicit in the body of the report.

7.3 Key Risks

The borrowing required to support the Capital programme is closely monitored as part of the treasury function , to ensure it's affordable.

8. EQUALITIES IMPACT IMPLICATIONS

- 8.1 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.
- 8.2 Financial reporting and planning is important in ensuring resources are used to deliver equitable services to all members of the community.

9. PERFORMANCE MANAGEMENT IMPLICATIONS

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

10. IMPACT ON COUNCIL PRIORITIES

The recommendations in the report fully accord with the Council priorities:

Good homes in well-connected neighbourhoods
Sustain strong and healthy communities
Build our local economy to create a thriving place

11. PUBLIC HEALTH IMPLICATIONS

- 11.1 None in the context of this report

Background Papers: None

Appendix A

Approved Capital Programme	2018/19 (Nov) Budget £'000	2018/19 Budget Adjustments £'000	2018/19 Revised Budget £'000	2018/19 Outturn £'000	Variance £'000	Reprofiling (Cfwd) / Bfwd £'000	(Under) / Overspend £'000
RESOURCES							
Assessment Services							
Housing Adaptations (DFG)	2,379	(15)	2,364	2,050	(314)	(314)	0
Housing Assistance	87	15	102	90	(12)	(12)	0
Total Assessment Services	2,467	0	2,467	2,141	(326)	(326)	0
Commercial							
Forty Hall	4	0	4	3	(2)	(2)	0
Total Commercial	4	0	4	3	(2)	(2)	0
Customer Experience & Change							
IT Investment	10,389	0	10,389	8,713	(1,676)	(1,676)	0
Libraries	116	0	116	146	31	31	0
Total Customer Experience & Change	10,505	0	10,505	8,859	(1,646)	(1,646)	0
Total RESOURCES	12,976	0	12,976	11,002	(1,973)	(1,973)	0
PEOPLE							
Adult Social Care							
Care Home Reprovisions	452	0	452	350	(102)	0	(102)
Extra Care Housing: Reardon Court	100	0	100	142	42	42	0
Total Adult Social Care	552	0	552	492	(60)	42	(102)
Education							
School Expansions	12,602	0	12,602	11,792	(810)	(810)	0
Schools Maintenance	4,732	0	4,732	5,729	997	997	0
Devolved Schools' Capital	0	0	0	2,827	2,827	0	2,827
Total Education	17,334	0	17,334	20,348	3,014	187	2,827
Strategic Commissioning							
Community Safety	200	0	200	221	21	21	0
Total Strategic Commissioning	200	0	200	221	21	21	0
Total PEOPLE	18,085	0	18,085	21,060	2,975	250	2,725
PLACE							
Environment & Operations							
Alley Gating	35	0	35	35	0	0	0
Highways:							
Flood Alleviation	420	0	420	606	186	0	186
Highways & Street Scene	7,383	0	7,383	6,754	(629)	(629)	0
Parks:							
Edmonton Cemetery	1,064	0	1,064	537	(527)	(527)	0
Southgate Cemetery	27	0	27	24	(3)	(3)	0
Play Areas	479	(0)	479	438	(41)	(41)	0
Tennis Courts Works at Firs Farm	230	0	230	208	(22)	(22)	0
Parks (Other)	22	0	22	41	19	0	19
Waste, Recycling & Fleet:							
Recycling	0	0	0	6	6	6	0
Vehicle Replacement Programme	8,304	0	8,304	8,369	66	66	0
Traffic & Transportation:							
Traffic and Transportation	50	0	50	96	46	0	46
TFL: Local Implementation Plans	2,054	34	2,088	2,088	(0)	(0)	0
TFL: Cycle Enfield	7,080	(34)	7,046	7,152	106	106	0
Total Environment & Operations	27,147	0	27,147	26,353	(794)	(1,046)	251
Meridian Water							
MW- Comms, PR & Community Engagement	174	0	174	76	(99)	0	(99)
MW- Dwyer/Orbital (Z3)	0	0	0	1	1	0	1
MW- Gas (Z5)	0	0	0	3	3	0	3
MW- HIF CPO	236	0	236	47	(189)	0	(189)
MW- HIF Road inc. Flood Alleviation	4,350	0	4,350	4,610	260	0	260
MW- Ikea Clear (Z4)	200	0	200	131	(69)	0	(69)
MW- Infrastructure	22,987	0	22,987	21,983	(1,004)	0	(1,004)
MW- Ladysmith Park	100	0	100	107	7	0	7
MW- Land Acquisition	0	0	0	16	16	0	16
MW- Master Scheme	5,494	0	5,494	10,239	4,745	0	4,745
MW- Meridian HIF Rail	300	0	300	197	(103)	0	(103)
MW- Meridian Works (GLA LRF) Phase 1	517	0	517	441	(76)	0	(76)
MW- Phase 1 Development (Employment Hub)	100	0	100	42	(58)	0	(58)
MW- Phase 1 Development (Leeside Gasholder)	150	0	150	0	(150)	0	(150)
MW- Phase 1 Development (Willoughby Lane)	150	0	150	18	(132)	0	(132)
MW- Phoenix Park (Z13)	3,297	0	3,297	2,178	(1,119)	0	(1,119)
MW- Property Management & Security	0	0	0	31	31	0	31
MW- Socio-Economic Strategy	40	0	40	0	(40)	0	(40)
MW- Station Public Realm Works	2,000	0	2,000	2,065	65	0	65
MW- Willoughby (Z1)	3,107	0	3,107	7,918	4,812	0	4,812
MW- Works Phase 3	725	0	725	68	(657)	0	(657)
MW- Z12 Stonehill/Hastingwood (Z12)	100	0	100	(90)	(190)	0	(190)
Total Meridian Water	44,028	0	44,028	50,081	6,053	0	6,053
Property & Economy							
Building Improvement Programme	2,561	0	2,561	1,887	(674)	(674)	0
Broomfield House	70	0	70	31	(39)	(39)	0
Town Centre Regeneration	66	0	66	109	43	43	0
Electric Quarter & Ponders End	1,350	0	1,350	1,128	(222)	(222)	0
Bury Street West Depot	70	0	70	14	(56)	(56)	0
Edmonton Cemetery Chapel Conversion	95	0	95	142	47	47	0
Montagu Industrial Estate	1,508	0	1,508	2,613	1,104	1,104	0
Genotin Road (Metaswitch)	0	0	0	251	251	251	0
Corporate Schemes (Other)	149	0	149	102	(47)	0	(47)
Total Property & Economy	5,870	0	5,870	6,278	408	455	(47)
Housing & Regeneration							
Housing Enabling	109	1,987	2,096	2,096	0	0	0
Total PLACE exc. HRA	77,153	1,987	79,140	84,807	5,666	(591)	6,257
Total General Fund	108,215	1,987	110,202	116,870	6,668	(2,314)	8,982
Housing Revenue Account:							
Major Works	16,549	0	16,549	16,657	108	0	108
Minor Works	4,792	0	4,792	3,993	(799)	0	(799)
Estate Renewals	54,566	(1,987)	52,579	48,393	(4,186)	(4,186)	0
Total HRA	75,907	(1,987)	73,920	69,043	(4,877)	(4,186)	(691)
Total PLACE	153,060	0	153,060	153,849	789	(4,777)	5,566
Total General Fund and HRA	184,122	0	184,122	185,912	1,791	(6,500)	8,291
COMPANIES							
Energetik	3,679	0	3,679	2,750	(929)	(929)	0
Housing Gateway Ltd	1,750	0	1,750	0	(1,750)	(1,750)	0
Total COMPANIES	5,429	0	5,429	2,750	(2,679)	(2,679)	0
APPROVED CAPITAL PROGRAMME	189,551	0	189,551	188,662	(889)	(9,180)	8,291

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MUNICIPAL YEAR 2019/2020 REPORT NO. 41**MEETING TITLE AND DATE:**Cabinet: 17th July 2019

Council: 18 September 2019

REPORT OF:

Executive Director of Resources

Agenda – Part: 1**Item: 6****Subject:****ANNUAL TREASURY MANAGEMENT
OUTTURN REPORT 2018/19****KD: 4926****Wards: All****Cabinet Member consulted:****Cllr Maguire****Contact officer and telephone no:**

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1. EXECUTIVE SUMMARY

1.1. This report reviews the activities of the Council's Treasury Management function over the year ended 31 March 2019.

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

		See section:
Debt Outstanding at 31th March 2019	£844.8m - an increase of £148.0m since 1 st April 2018.	5
Average interest on total debt outstanding	The average interest rate fell to 3.05% This in part reflects the maturing of the £30m high coupon and new borrowing being taken at lower than average rates.	6
Debt Rescheduling	None undertaken.	7
Other Treasury Activities	Schools balances de-coupled from a group balance position	8
Treasury Investment activity	£275k – (excluding interest receipts from loans made by the council).	9
Compliance with Treasury Management prudential indicators	No breaches	10
Investments & Net Borrowing	Net borrowing has increased by £125.5m	11

2. RECOMMENDATIONS

2.1. Cabinet is asked to:

- i. Note and comment on the contents of the report
- ii. Recommend that the Council considers the 2018/19 Treasury Management outturn report.
- iii. Recommend to Council to note the review of Minimum Revenue Provision (MRP) for Investment Properties, the outcome of which may give rise to an amendment to the Treasury Management Strategy.

3. BACKGROUND

- 3.1. The Authority adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Authority to approve treasury management half yearly and annual reports.
- 3.2. The Authority's Treasury Management Strategy for 2018/19 was approved at an Authority meeting on the 21st February 2018. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.

4. ECONOMIC BACKGROUND

- 4.1. The Bank of England have made no change to monetary policy at its meetings in May and June. However, in August 2018 they made a unanimous decision for a rate rise of 0.25%, taking the Bank Rate to 0.75%. This increase was predicated on fears of rising inflation, falling unemployment rates, and greater wage growth.
- 4.2. There has been a high level of volatility in the financial markets as a result of potential trade wars resulting from the US implementing tariffs on imports. Perhaps the greatest issue is the great uncertainty around the UK's withdrawal from the EU. These two factors will continue to have a great influence over the next year.
- 4.3. Given all these factors the gilt yields have overall not moved greatly, nevertheless, this has not prevented there from being great volatility over the period. With yields reacting to market news and reverting back on to trend.

5. BORROWING IN 2018/19

- 5.1. The Actual borrowing for the year was £845million. The actual borrowing was within the Operational limit of £1,067 million (as set out in the 2018/19 Treasury Management Strategy Report). The outturn position was in line with the borrowing requirement set out in the mid year Treasury Management report.
- 5.2. The chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long term plans change being a secondary objective.

- 5.3. On the 31st March 2019 the Authority held £845million of loans, (an increase of £148.2 million since 1st April 2018), as part of its strategy for funding the Council's capital programme.
- 5.4. During this period the Authority borrowed £290 million of which £141.8 million was used to replace maturing debt.
- 5.5. Outstanding loans as at 31 March 2019 are summarised in Table 1 below.

Table 1: Treasury Management Borrowing Summary				
Type of Loan	1st April 2018	New Borrowing	Repaid Borrowing	31st March 2019
	£000	£000	£000	£000
PWLB	556,752	125,000	(7,906)	673,846
Commercial Loan	30,000		(30,000)	-
European Investment bank	9,238		(317)	8,921
LEEF	4,626		(627)	3,999
Local Authority	28,000		(15,000)	13,000
SALIX	153		(86)	67
Short-terms loans	68,000	165,000	(88,000)	145,000
Total*	696,769	290,000	(141,936)	844,833

Note1*See table 2

Note2: The HRA borrowing remains unchanged at £157.7m

Table 2 Loans made by to LB of Enfield companies total is included in Table 1				
Loans made to LBE Companies	1st April 2018	New Borrowing	Repaid Borrowing	31 March 2019
	£000	£000	£000	£000
HGL	115,849	5,000	(5,997)	114,852
Energetik	6,209	2,880	(216)	8,873
EIL	12,820	-	(584)	12,236
EEA	750	-	-	750
Total	135,628	7,880	(6,797)	136,711

6. COST OF BORROWING

- 6.1. The average interest rate paid on total external debt in 2018/19 was 3.05% (3.4% in 2017/18).
- 6.2. Table 3 shows the interest paid (i.e. the cost of borrowing) by the Council during the year:

Table 3: Cost of Borrowing	2017/18	2018/19
	£000	£000
Public Works Loan Board	16,736	19,448
Commercial	2,144	1,885
Local Authority	384	304
EIB	217	210
LEEF	86	75
Salix	-	-
Commission on loans	92	130
Total Interest on Debt	19,659	22,052
Short term Loans	293	917
Total Interest Paid	19,952	22,969
Interest Income Receipts from:		
Housing Revenue Account	8,159	8,159
Capitalised Interest on Meridian Water	5,745	7,226
HGL	2,534	2,836
EIL	992	828
Energetik Note 3	366	439
Enfield Enterprise	113	38
General Fund	2,042	3,443
Total Cost of Debt	19,951	22,969

Note 3: Energetik pay an inflated interest rate to meet the State Aid regulations set by the European Union this additional interest cost amounted to £259K in 2018/19 and is used to reduced the interest paid budget.

7. DEBT MATURITY

- 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:

Table 4: Profile of Maturing Debt	Loans Outstanding as at 31 March 18	Loans Outstanding as at 31 March 19
	£m	£m
Under 1 year	121.6	164.6
1-5	54.7	67.1
5-10	44.9	85.0
10-15	51.6	151.8

15-25	115.3	67.6
25-30	58.5	58.5
30-40	141.4	141.4
40+	108.8	108.8
	696.8	844.80

8. TREASURY INVESTMENT ACTIVITY

- 8.1. Total cash balances over the year varied considerably, predominantly because of the significant peaks and troughs arising from payment profiles of business rate collections, capital expenditure, DWP payments and housing benefit payments.
- 8.2. During the year the Authority's investment balance ranged between £5 million and £111 million due to timing differences between income and expenditure. The investment position at year end is shown in table 5.

Table 5: Investments held by LB of Enfield				
Counter parties	1st April 2018	Cumulative Sums Invested	Cumulative Repaid sums	31st March 2019
	£000	£000	£000	£000
Money Market Funds				
Goldman Sachs	-	118,800	(118,800)	-
Deutsche	-	97,600	(97,600)	-
Ignis	-	172,115	(172,115)	-
Federated	-	131,500	(121,500)	10,000
Call Accounts				
Santander	-	7,000	(7,000)	-
HSBC	6,000	254,572	(247,872)	12,700
Handelsbanken	9,000	46,000	(40,000)	15,000
	15,000	827,587	(804,887)	37,700

- 8.3. Given the continued low interest environment in comparison to cost of borrowing, it is still appropriate to maintain low levels of deposit and to use these deposits as internal borrowing.
- 8.4. Further, given the relevant low level of cash held and with low interest environment deposits been held with daily access to aid daily liquidity.

9. OTHER TREASURY CONSIDERATIONS

9.1. Schools banking

- 9.2. In February following a change in banking regulations HSBC the Council's bankers requested that all the Council's banking accounts be de-coupled. This had the effect that schools' balances could no longer be grouped as one account. The impact of this was that a schools' in an overdrawn position which had previously been protected by schools with credit balances are now exposed to the cost of being overdrawn. At year end 6 schools were in an overdrawn position amounting to a total

of £6.2m. The Council has mitigated the interest costs to these schools by granting a revolving credit facility and charging interest at lower rate than the bank - 1.25%. The Treasury team remain in close communication with both the affected schools and the Education department.

9.3. Minimum Revenue Provision (MRP)

9.4. Council officers have been working with Treasury Consultants (Arlingclose) and the Council's External Auditors to construct an equitable but prudent policy to account for MRP on borrowing for investment properties. The current MRP policy is overly prudent where there is evidence of sustained appreciation in asset valuations. The review is ongoing and in the event of a change being required approval to amend the Treasury Management Strategy would be sought at Council in September.

10. COMPLIANCE WITH TREASURY MANAGEMENT INDICATORS

10.1. Borrowing Prudential Indicators

10.2. 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 full council to approve any increase.

10.3. Throughout 2018/19 the total loan debt was kept within the limits approved by the Council against an authorised limit of £1,147 million. The authorised limit (as defined by the Prudential Code) was set as a precaution against the failure, 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 the Council.

10.4. The Council held no variable interest rate debt during 2018/19. However, the Council's Treasury Management Strategy does permit variable interest rate loans.

10.5. Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 6 below.

Table 6: Debt Limits	31st March 2019 Actual	2018/19 Operational Boundary	2018/19 Authorised Limit	Complied?
	£m	£m	£m	£m
Borrowing	845	1,067	1,147	Yes
PFI and Finance Leases	45	75	100	Yes
Total Debt	890	1,142	1,247	

10.6. The Council's Treasury Management Strategy permits up to 30% of its debt to mature in one year (equivalent to £253 million at year end). This limit was not breached. The actual position as at 31 March 2019 was £159m (19.5%), which includes the short-term loans from LAs, repayment of other loans which will be due within a year and principal payments of all other loans which will be paid in 2019/20. Section 7.2 shows the outturn position.

10.7. Investment Prudential Indicators

10.8. **Security:** The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring and ensuring that it only invests deposits with financial institutions.

Table 7: Credit rating	31 Mar 2019	2018/19 Target	Compiled?
Portfolio average credit	AA-	A-	Yes

10.9. There have been no breaches of investments during the year. Any breach would be reported to the Director of Finance.

Table 8: Investment Limits	30 Sep 2018 Actual	2018/19 Max Limit to any one counterparty	Complied?
	£000	£000	
Any single organisation, except the UK Government	15,000	15,000	Yes

10.10. The Authority measures and manages its exposures to treasury management risks using the following indicators.

11. DEBT RESTRUCTURING

11.1. 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.

11.2. No rescheduling was done during the year as the new PWLB borrowing rates and premature repayment rates made rescheduling unviable. The Council will continue to actively seek opportunities to re-structure debt, if viable.

12. NET DEBT

12.1. The Council's net borrowing increased in 2018/19 as demonstrated in Table 7. This recognises that future capital expenditure will need to be financed from external borrowing and will create pressure on the revenue budget, however this impact has been recognised in the Council's Medium Term financial plan.

Table 9: Trend in Net Borrowing	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£m	£m	£m	£m	£m	£m
Total Borrowing	298.6	313.0	438.6	554.8	696.8	844.8
Total Investments	(40.2)	(63.4)	(28.5)	(4.5)	(15.0)	(37.7)
Net Borrowing	258.4	249.6	410.1	550.3	681.8	807.1
Annual Change	-	(8.8)	160.5	140.1	131.5	125.3

12.2. The Capital Financing Requirement

12.3. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). Usable reserves and working capital are the underlying resources available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing. This has been achieved in 2018/19 but with the Authority's internal borrowing now exhausted we will move closer to the CFR limit in future years.

Table 10: Capital Financing Requirement (CFR)	31 March 2018	31 March 2019
	£m	£m
General Fund	733.0	795.1
Housing Revenue Account	157.7	157.7
Total CFR	890.7	952.8
External Borrowing	696.8	844.8
Under Borrowing	193.9	108.0
Authorised Limit	1,078	1,148

13. ALTERNATIVE OPTIONS CONSIDERED

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

14. REASONS FOR RECOMMENDATIONS

14.1. To inform the Council of Treasury Management performance in the financial year 2018/19.

15. COMMENTS OF OTHER DEPARTMENTS

15.1. Financial Implications

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

15.3. Legal Implications

15.4. This report sets out the lawful basis for the recommendation to approve the 2018/19 Treasury Half Year Report. The Council has duties within an existing legal and regulatory framework to produce an annual Treasury Management review of activities and the actual prudential and Treasury indicators for 2018/19.

15.5. Key Risks

15.6. 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.

16. IMPACT ON COUNCIL PRIORITIES

Good homes in well-connected neighbourhoods
Build our Economy to create a thriving place
Sustain Strong and healthy Communities

- 16.1. The Treasury Strategy indirectly contributes to the council's ability to address the values set out within the Council's priorities

17. PERFORMANCE MANAGEMENT IMPLICATIONS

- 17.1. 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.

18. PUBLIC HEALTH IMPLICATIONS

- 18.1. The Council's Treasury Management indirectly contributes to the delivery of Public Health priorities in the borough.

19. EQUALITIES IMPACT IMPLICATIONS

- 19.1. 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.

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MUNICIPAL YEAR 2019/2020 REPORT NO. 42**MEETING TITLE AND DATE:**

Cabinet: 17 July 2019

-

REPORT OF:

Executive Director of Resources

Contact officer and telephone number:

Matt Bowmer, Interim Director of Finance

Email: matt.bowmer@enfield.gov.uk

Agenda - Part: One**Item: 7****Subject:** Medium Term Financial Strategy 2020/21 to 2024/25**Wards: All Wards****Key Decision No: 4924****Cabinet Member consulted:** Cllr Maguire**1. EXECUTIVE SUMMARY**

1.1 This report refreshes the Council's financial position for the medium term which was set out in the report to Council in February, including an update on the risks and uncertainties facing local government at this time.

1.2 Further it builds on the previous work to deliver a resilient and sustainable budget and sets out the vision, timetable and approach for delivering the 2020/21 to 2024/25 Medium Term Financial Plan.

1.3 All of this is in the context of the Council's Corporate Plan - Creating a Lifetime of Opportunities in Enfield, approved by Cabinet in September 2018:

- Good Homes in Well Connected Neighbourhoods
- Sustain strong and healthy communities
- Build our local economy to create a thriving place.

2. RECOMMENDATIONS

2.1 Cabinet notes the updated financial position over the medium term.

2.2 Cabinet agrees the vision, approach and timetable to develop the 2020/21 to 2024/25 Medium Term Financial Plan.

3. BACKGROUND

3.1 A key element of the Medium Term Financial Strategy for 2019/20 to 2023/24 was the development of a resilient and sustainable budget and this remains the cornerstone for 2020/21 to 2024/25.

- 3.2 Local Government continues to experience increasing demand for its services, especially from the most vulnerable in the community but is now also facing a period of unparalleled uncertainty. 2019/20 saw the end of the four year settlement period from Government and a spending review for the next four years, Spending Review 2019 (SR19) is expected later in the year. At the current time there is speculation as to whether this will be a single or multi-year settlement. The Government implemented a new Business Rates Based funding model for local government in 2013/14 and has committed to undertake a review of this to come into effect from 1 April 2020. The Fair Funding review is ongoing and the impact of this too won't be clear until later in the year. Again, there is speculation that it may be delayed. Alongside this will be a reset of the Business Rates growth. Finally, the much anticipated Adult Social Care Green Paper has not materialised, and pressures and uncertainty will continue, especially given 2019/20 was the end of the three year period where an additional Council Tax precept for Adult Social Care was permitted.
- 3.3 With this backdrop of uncertainty, it is more important than ever to ensure that the Council's finances are both resilient and sustainable. The vision is:
- 5 Year Medium Term Financial Plan (MTFP) with detailed savings plans for all five years to drive resilience and sustainability (three year Spending Review (SR19) anticipated)
 - 10 Year Capital Programme to give greater visibility to our long term capital commitments
 - 10 Year Treasury Management Strategy to give greater visibility on the Council's Capital Financing Requirement (CFR)
- 3.4 The Council's Corporate Plan 'Creating a Lifetime of Opportunities in Enfield' was approved by Cabinet in September 2018 with three key objectives:
- Good homes in well connected Neighbourhoods
 - Sustain strong and healthy communities
 - Build our local economy to create a thriving place
- 3.5 The formulation of both the MTFP and Capital Programme will need to ensure that resources are allocated appropriately to enable these objectives to be delivered.

Refresh of the Financial Position

- 3.6 The Council has robust arrangements in place to ensure the delivery of the budget commitments for 2019/20 and started monitoring and managing its progress immediately the budget was approved. The 2018/19 outturn position is reported on this agenda and is very broadly in line with the forecast position at the end of the third quarter which was the basis on which the 2019/20 budget was set.

- 3.7 The Council is operating in a very dynamic environment and it is necessary to revisit the assumptions made less than six months ago and also to roll the plan on a year.
- 3.8 The tables below set out the current assumptions on spend and income for the next five years. There are total spend pressures of £48.9m over the next five years with only £9.9m additional funding, giving rise to an overall gap of £39.0m. The gap in the first year is £13.7m. The spending and funding assumptions are set out in the following two tables.

Table One: Spend

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£k	£k	£k	£k	£k	£k
<i>Pressures</i>						
Pay Awards & Inflation	5,500	5,525	5,550	5,576	5,602	27,753
Demographic	2,614	2,000	2,000	2,000	2,000	10,614
Investment	500	-500	0	0	0	0
NLWA	0	0	1,500	1,500	1,500	4,500
Pressures	5,875	130	0	0	0	6,005
Capital Financing	1,000	1,000	1,000	1,000	1,000	5,000
	15,489	8,155	10,050	10,076	10,102	53,747
<i>Savings</i>						
Agreed Savings	237	-1,140	-439	0	0	-1,342
Full Year Effects 2018/19	-1,124	0	0	0	0	-1,124
Waste	-1,800	-700	0	0	0	-2,500
	-2,687	-1,840	-439	0	0	-4,966
Total Spend Pressures	12,802	6,315	9,611	10,076	10,102	48,906

- 3.9 The key pressures are as broadly set out in the approved MTFP. The allowance for cost of living award of pay is assumed at 2% and there is additional allowance for inflation on contractual commitments. There is growing demand in Adults and Children's Social Care and provision for these costs are made in line with current trends. There is a planned investment of £500k in street scene which accompanies the waste savings outlined below. The North London Waste facility is over 40 years old and there are plans in place for its replacement. The MTFP set out pressures of £1.7m in 2020/21 predominantly for additional inflationary pressures in Adult Social Care and early work in the new financial year has identified further pressures in services and areas where

further investment is required. This includes further investment in Children's Social Care and pressures in Adult Social Care especially in the provision of service to the Council by IWE. These will need to be included in 2020/21 giving a revised total of £5.875m. A detailed schedule of the pressures is included at Appendix A. Additionally, it is assumed that there will need to be £1m set aside year on year to meet the financing costs arising from delivery of the Council's Capital Programme, supporting in the order of £15m new capital spend each year.

- 3.10 In 2019/20 the Council received a one off specific grant of £3.5m for Social Care to meet pressures in Adults and Children's Social Care. It is widely anticipated that this funding will continue which is the assumption in the Council's planning at this time. This does naturally present a risk.
- 3.11 There are no changes to the full year effect of savings included in the 2018/19 and 2019/20 Budgets. It is worth noting that some of the savings in those years were only one offs and hence the pressure shown in 2020/21 as the one off savings drop out. These are set out in detail in appendix B. The outcome of the Waste Collection Changes were not included in the MTFP approved by Council and the figures above reflect these along with the accompanying £500k investment.

3.12 Table Two: Income and Overall Gap

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£k	£k	£k	£	£k	£k
Total Pressures B/F	12,802	6,315	9,611	10,076	10,102	48,906
Income						
Business Rates/RSG	0	0	0	0	0	0
Local retained rates	-2,032	0	0	0	0	-2,032
Business Rates Pool	2,950	0	0	0	0	2,950
New homes Bonus	400	400	400	394	0	1,594
Housing Benefit Admin	158	142	128	115	103	646
Council Tax	-2,935	-3,001	-3,069	-3,138	-3,209	-15,352
Collection Fund CT	2,484	0	0	0	0	2,484
Collection Fund BR	-1,170	700	-700	0	0	-1,170
Reserves	1,000	0	0	0	0	1,000
	855	-1,759	-3,241	-2,629	-3,106	-9,880
Overall Gap	13,657	4,556	6,370	7,447	6,996	39,026

- 3.13 The major financial uncertainties are largely on the income side. With the outcome of the SR19 unlikely before late autumn along with the implementation of Fair Funding and the Business Rates reset, Business Rates/Revenue support Grant (RSG) is forecast to be flat for the period. Locally retained rates have been forecast at the level in the most recent regulatory submission but are currently forecast to be flat for the remainder of the Plan period. There was a one off benefit from the second year of the London Business Rates Pool of £2.950m which drops out in 2020/21 and the operation of the Pool would cease in the event of Fairer Funding being implemented. There are reductions anticipated in New Homes Bonus and Housing Benefit Admin grant with the former reducing to £nil over the five years. It is assumed Council Tax will be increased up to the referendum limit of 1.99% per annum. At this stage, even in the absence of an Adult Social Care Green Paper there is no indication that the ability to raise an Adult Social Care precept being extended. There were one of surplus and deficits on the collection funds which drop out as also does the one off use of reserves to support the 2019/20 budget.
- 3.14 At present there is a gap of £39.0m across the five years and £13.7m of this total is in 2020/21. The assumptions above will be continually reviewed, and it is likely that there will be some movement during the summer and autumn as further information becomes available.

Approach

- 3.15 Officers are approaching the identification of savings against a framework of nine themes:
- i. Digital – customer journey, channel shift, more modern Council.
 - ii. IT – commissioning of IT provision, removal of duplication of applications.
 - iii. Demand Management – strategies and mitigations to address increasing demand in Children’s and Adult Social Care and housing.
 - iv. Commissioning, Procurement and Contracting - ensure savings and efficiencies when re-procuring and having effective contract management arrangements in place.
 - v. Commercial/Income and Traded – seeking out new commercial opportunities and developing existing income streams.
 - vi. Invest to save – pump priming funds will be made available to support new initiatives that deliver an appropriate return on investment or payback in a given timescale.
 - vii. Organisational Review – testing the design of the Council’s services against its own design principles.
 - viii. Corporate Initiatives - programmes across the Council that may give rise to cost savings.
 - ix. Directorate led initiatives – savings don’t need to conform to the above themes to be considered and brought forward.
- 3.16 This will be supported by a series of benchmarking and forecasting workshops to test out the budget assumptions and responses.
- 3.17 In formulating the 2019/20 budget there were four tranches of savings brought forward for consideration which enabled extensive engagement but did stretch resources. It is planned to bring savings proposals forward in two tranches for

2020/21 with those savings that have greater consultation requirements and lead in times to come forward in October and the remainder of the proposals in December.

- 3.18 There was limited success with the consultation on the Budget for 2019/20, both in respect of process and timing. For 2020/21 there will be an enhanced programme of community engagement to ensure that the budget fairly reflects the needs of the community.
- 3.19 The approach to Budget Scrutiny will take place earlier than in previous years and there will be scrutiny of the October and December proposals at the time they are brought forward.
- 3.20 In past years the Council's fees and charges have come forward after the draft revenue Budget in the December. Fees and charges are an integral element of the Council's budget and for 2020/21 will come forward alongside the other proposals in the December.
- 3.21 Similarly, it is important that the Council's capital investment in the Borough and revenue spending are also considered at the same time and for this reason the Capital Programme will come forward in December. Given the drive for resilient and sustainable finances and the longer term nature of capital investment there will be a ten year programme.
- 3.22 There will also be a ten year Treasury Strategy to match the ten year Capital Programme. This will give a clearer picture of the Council's underlying need to borrow, its Capital Financing Requirement over the longer term, so that the full impact of spending decisions is transparent and fully understood. The existing Strategy was taken in draft to Audit Committee in January which was well received, and this process will continue.
- 3.23 At this time the level of reserves held are viewed to be appropriate for the level of risk faced by the Council. Whilst they may appear to be healthy, they are at a lower level than all but one of Enfield's London Borough statistical neighbours and would be very quickly eroded in the absence of savings proposals over the next two years. There will be a thorough review of the Council's reserves as part of the work undertaken to formulate the 2020/21 to 2024/25 MTFP. These will need to be at an appropriate level to cover risks on demand for services, delivery of savings programmes and the significant uncertainty in the funding framework.

Timetable

- 3.24 The key dates through to approval of the Budget at Council in February 2020 are:

Summer 2019	Community engagement.
October 2019	Cabinet approves first tranche of revenue savings.
	Scrutiny of first tranche of revenue savings.
December 2019	Autumn statement; update on SR19, outcome of Fair Funding review and Business Rates reset. To be confirmed.
	Cabinet Draft Revenue Budget/MTFP 2020/21 to

	2024/25 including second tranche of revenue savings and fees and charges, and Draft Capital Programme.
	Scrutiny of second tranche of revenue savings.
January	Cabinet approves Council Tax Base.
	Audit and risk committee comments on Draft Treasury Strategy 2020/21 to 2029/30.
February	Cabinet recommends/Council approves MTFP, HRA Business Plan, Capital Programme and Treasury Strategy.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 No alternatives have been considered.

5. REASONS FOR RECOMMENDATIONS

5.1 Given the uncertainty in the overall funding levels for local government and the framework for its distribution it is essential there is a clear strategy in place to manage the Council's finite resources over the medium term and for the planning process to be in place early in the financial year.

6. COMMENTS FROM OTHER DEPARTMENTS

6.1 Financial Implications

6.1.1 The financial implications are set out in the body of the report. The Council faces continued financial pressure forecast to be in the order of £40m over the next five years and it is essential that there are robust plans in place to address this gap.

6.2 Legal Implications

6.2.1 The Council has various legal and fiduciary duties in relation to the budget. The Local Government Act 2003 requires the Chief Finance Officer to report to Council as part of the budget process on the robustness of the estimates and the adequacy of the proposed financial reserves. The Council is required by the Local Government Finance Act 1992 to make specific estimates of gross revenue expenditure and anticipated income leading to the setting of the overall budget and council tax.

6.2.2 Members are obliged to take into account all relevant considerations and disregard all irrelevant considerations in seeking to ensure that the Council acts lawfully in adopting a budget and setting council tax. Members should note that where a service is provided pursuant to a statutory duty, the Council cannot fail to discharge it properly.

6.2.3 This report provides a clear and concise view of future sustainability and the decisions that need to be made for the recommended actions.

6.3 Property Implications

6.3.1 There are no Property Implications to be considered at this time.

7. KEY RISKS

7.1 There are significant risks set out in the report.

- 7.2 The 2019/20 budget includes £13.1m of new savings. In the event that these are not fully delivered the overall level of savings required across the medium term will need to be reviewed. The Council has robust arrangements to ensure the delivery of all savings and has been tracking progress since before the start of the financial year.
- 7.3 The overall quantum of funding for local government is not known at this time and will not be announced until much later in the year when the outcome of SR19 is made public. The Council will continue to lobby that that sufficient resources are made available across the whole of local government.
- 7.4 As well as the overall quantum there is also risk in the distribution of funding. Government has been consulting on its Fair Funding proposals but there is still a great deal to be done before the new arrangements are confirmed and come into force. The Council has been actively engaging both directly and through London Councils to ensure its needs are best met. It is lobbying for deprivation to be included in any base formula and for there to be specific recognition for Homelessness and Concessionary Fares.

8. IMPACT ON COUNCIL PRIORITIES - CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD

8.1 Good homes in well-connected neighbourhoods

The ability of the local authority to take a more robust and forward-thinking approach to medium term financial strategy and planning will allow for executive management to plan more effectively and orchestrate investment planning to deliver our regeneration and housing ambitions for the borough.

8.2 Sustain strong and healthy communities

The new approach to medium term financial planning and forecasting can help inform investment decision made as we seek to establish health in all policies and close health inequality gaps in our borough. It creates an approach that will encourage others to take a longer term and holistic view to health outcomes and the ability of the borough to affect them positively in the context of more informed and predictive future spending options.

8.3 Build our local economy to create a thriving place

More effective planning of future spending as initiated through the more informed forward planning that forms the basis of the new medium term financial strategy should allow for better and more productive negotiations and joint planning with delivery partners. The increased confidence generated by taking the longer view can help us gain maximum benefit from future joint working with business and increase coordination of investment for mutually beneficial outcomes that will help provide future prosperity to local people.

9. EQUALITIES IMPACT IMPLICATIONS

- 9.1 *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. It is important to consider the needs of the diverse groups with protected characteristics when*

designing and delivering services or budgets so people can get fairer opportunities and equal access to services.

- 9.2 The Council aims to serve the whole borough fairly, tackle inequality and protect vulnerable people. The Council will promote equality of access and opportunity for those in our communities from the protected characteristic groups or those disadvantaged through socio-economic conditions.
- 9.3 Through the use of Equality Impact Assessments, the Council can analyse and identify where and how proposed changes to services, policies and budgets could improve its ability to serve all members of the community fairly. It helps ensure that the Council does not discriminate, and in taking decisions that it does not unduly or disproportionately affect some groups more than others. The Council also recognises that undertaking full assessments will help to improve the efficiency and effectiveness of the Council by ensuring that residents and service users' needs are met through the delivery of the Council aims and objectives.
- 9.4 The Council's budget is not subject to a single Equality Impact Assessment, as it is far too complex for this approach. Instead, budget proposals requiring change or new services and policies will be required to carry out an Equality Impact Assessment to evaluate how the proposal will impact on all parts of the community. The impact assessment must include consultation with affected people and organisations. Heads of Service will have to identify what actions will be taken to mitigate against the worst adverse impacts at the end of their EQIA. The Corporate Equalities Group will be providing advice and support to Departments in developing appropriate EQIAs.

10. PERFORMANCE AND DATA IMPLICATIONS

- 10.1 Demand Management is one of the key themes of the MTFP and ongoing data and analysis will be needed to understand both current and future patterns of demand. Ongoing monitoring will continue of key performance indicators as outlined in the Corporate plan that will continual oversight so any assessment of the impacts on performance can be.

11. HR IMPLICATIONS

- 11.1 HR should be engaged in relation to any proposals to change organisation structure or posts. The Council's Principles of Managing Restructures should be followed in relation to any proposed changes.

12. PUBLIC HEALTH IMPLICATIONS

- 12.1 The Council's core business is to maintain and enhance the wellbeing of the community; austerity and the financial climate is severely challenging its ability to do this. The MTFP outlines how the Council aims to meet financial demands whilst minimising the effect of these pressures on the community. However, it is difficult to envisage how continuous cuts to the Council's budget will not impact upon its ability to support and maintain community wellbeing.

Background Papers

None

Pressures in 2020/21 Medium Term Financial Plan					
Ref No.	Department	Proposal Summary (from template)	2020/21 £000	2021/22 £000	2022/23 £000
ASC_P1_1920	People ASC	Customer Pathway Contract Inflation	708		
ASC_P2_1920	People ASC	Learning Disabilities Contract Inflation	494		
ASC_P3_1920	People ASC	Mental Health Contract Inflation	81		
R&E_P10_1718	Place	Street Lighting PFI Reserve	291		
R&E_P11_1718	Place	Planning Policy	88		
ENV_S9_1819_T1	Place	Traffic and Transportation Income (18/19 saving for 3 years only)		130	
Pressures impacting 2020/21+ (taken from the 2019/20 MTFP)			1,662	130	0
Legal	CEX	FOI/MEQ Team restructure	121		
Organisational Development	CEX	Continuing Professional Development (estimate of £70k per directorate)	150		
People & Governance	CEX	Director of HR (£150k in a Full Year)	150		
ASC	People	IWE - 2018/19 overspend. 2020/21 forecasts being reviewed.	2,000		
Children's Services	People	Ongoing investment in Children's Social Care	500		
Property & Economy	Place	Vacant Properties / Disposals	250		
Property & Economy	Place	Property restructure (assume half year implementation in first year)	250		
Commercial	Resources	Procurement Hub resources	300		
Invest to Save	Place	Financing Costs of Capital Investment in LED Street Lighting	378		
Finance	Resources	Debt Strategy	54		
Customer Experience & Change	Resources	Web Team structure	60		
New Pressures to be built into draft MTFP and Budget Gap			4,213	0	0
Total Pressures in draft 2020/21 MTFP			5,875	130	0

Full Year Effects in 2020/21 - 2022/23

Full Year Effects of Prior Year Savings Decisions	2020/21 £000	2021/22 £000	2022/23 £000	Full Year £000
Chief Executive's Department				
Total Chief Executive's Department	0	0	0	0
Corporate Services				
Taxbase Growth	(75)			(75)
Total Corporate Services	(75)	0	0	(75)
People Department - Adult Social Care				
Organisational Review Savings	(157)			(157)
Total People Department - Adult Social Care	(157)	0	0	(157)
People Department - Children's Services				
Independent Reviewing efficiencies	(65)			(65)
Total People Department - Children's Services	(65)	0	0	(65)
People Department - Early Intervention and Partnerships				
Total People Department - Early Intervention and Partnerships	0	0	0	0
People Department - Education				
Total People Department - Education	0	0	0	0
Place Department				
Management actions to contain pressure	(379)			(379)
Increase income across Regeneration and Environment	(250)			(250)
Organisational Review Savings	(198)			(198)
Total Place Department	(827)	0	0	(827)
Resources Department				
Total Resources Department	0	0	0	0
Grand Total Full Year Effects	(1,124)	0	0	(1,124)

Full Year Effects of Savings agreed in 2019/20

Full Year Effects of Savings agreed in 2019/20	2020/21 £000	2021/22 £000	2022/23 £000	Full Year £000
People Department - Adult Social Care				
Reardon Court - Extra Care		(113)	(377)	(490)
Total People Department - Adult Social Care	0	(113)	(377)	(490)
People Department - Children's Services				
Youth Offending Unit - reduce the use of sessional workers and running costs	(20)			(20)
Total People Department - Children's Services	(20)	0	0	(20)
People Department - Public Health				
Public Health Contract Renegotiation	937			937
Total People Department - Public Health	937	0	0	937
Place Department				
Edmonton Cemetery Expansion - sales of mausolea and vaulted graves	(6)	(6)	(6)	(18)
Additional Traffic & Transportation income from recharges to capital			25	25
Cemeteries Mausoleum and Vaulted graves sales - Southgate Cemetery	(390)	(60)	(31)	(481)
Reversal of one-off Meridian Water Meanwhile Use income	1,190			1,190
LED Street Lighting	(510)			(510)
Stop School Crossing Patrols	(34)			(34)
Building Control Income	(50)			(50)
Temporary Accommodation - Future Years	(780)	(711)		(1,491)
Market Rentals for Council Properties	(50)	(50)	(50)	(150)
Total Place Department	(630)	(827)	(62)	(1,519)
Resources Department				
Payments Programme - new system allowing efficiencies in Exchequer	(200)	(200)		(400)
Reversal of one-off energy reduction initiatives saving	150			150
Total Resources Department	(50)	(200)	0	(250)
Grand Total Full Year Effects of Savings agreed in 2019/20	237	(1,140)	(439)	(1,342)

MUNICIPAL YEAR 2019/2020 REPORT NO. **43**

MEETING TITLE AND DATE:

CABINET, 17th July 2019

REPORT OF:

Executive Director of Resources

Contact Officers: Sally Sanders/
Geoff Waterton

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Agenda – Part: 1

Item: 8

Subject: Council Tax Support consultation

Wards: All

Key Decision No: 4906

Cabinet Member consulted: Cllr Maguire

1. EXECUTIVE SUMMARY

- 1.1 In January 2013 Council agreed a new local Council Tax Support Scheme to replace the previous national Council Tax Benefit Scheme which was to be abolished by the Government in April 2013.
- 1.2 Every year the Council is obliged to consider whether to revise or replace its local Council Tax Support Scheme.
- 1.3 This report outlines options to amend the Council Tax Support Scheme for 2020/21, including the preferred option, which will be subject to a public consultation in the summer of 2019.

2. RECOMMENDATIONS

- 2.1 That Cabinet agree the preferred council tax support scheme change for 2020/21 to be the subject of public consultation as:
 - Reducing the maximum council tax support limit for working age claimants from 26.5% to 24.5% and increasing the excess income taper from 20% to 22.5%, and
 - Reduce the earned income threshold for working age council tax support claimants receiving Universal Credit from £1,265 to £1,100 per month.

3. BACKGROUND

- 3.1 The council tax support scheme provides financial support for residents to pay their council tax. Every year the council sends out over 125,000 council tax bills totalling £175m (before the council tax support scheme is applied). Enfield's scheme supports over 8,500 pensioners at a cost of £10.1m and 26,400 in other groups at cost of £22.3m. The 2019-20 Scheme is set out in Appendix A. The scheme is agreed annually by Council in the January for the following financial year. Statutorily the council is required to decide to amend the Scheme or not and should changes be proposed, this requires consultation with residents. The history to the scheme is set out below.
- 3.2 There are rules around what the council can and cannot do with Council Tax Support Schemes. For example, we cannot change the prescribed regulations for pensioner's, but we do have control over working age assessments.

History

- 3.2 In 2012 the Government announced that as part of a series of welfare reforms, the national Council Tax Benefit scheme was to be abolished and replaced with local schemes. At the time, funding for the replacement local schemes was reduced by 10% and Enfield faced a £5m shortfall in funding if it continued to follow the previous national policy.
- 3.3 Enfield consulted widely on a proposed local scheme and in January 2013 approved a scheme which saw pensioners and war widows protected from any change and working age claimants seeing a 19.5% reduction in support. The Scheme was based on the principle of a fully funded scheme so that minimum contributions are set at a level to cover the costs of the scheme only and council tax payers are not asked to contribute to the costs. At the same time, Council agreed changes to exemptions and discounts to Council Tax which saw the discount for empty and refurbished homes reduced to one month, no discount given for second homes and the introduction of a new empty homes premium of 150% of Council Tax for homes left empty for more than two years, the maximum increase allowable.
- 3.4 In 2014-15, the scheme was no longer funded as a separate government grant and became integrated in the council's budget. The Scheme was reviewed in this year, and the Council increased the range of protected groups further to include foster carers registered with the Council, people in receipt of Carers Allowance and people in receipt of higher rate disability benefits (Higher Rate Disability Living Allowance, Higher Rate Personal Independence Payments and the support component of Employment Support Allowance). This means that if you are a carer on the minimum needs allowance, for example, and your council tax bill was £1,000 a year, the carer would receive the full £1,000 in council tax support and would not be required to pay the minimum contribution.

- 3.5 Every year the Council is obliged to consider whether to revise or replace its local Council Tax Support Scheme.
- 3.6 During 2017/18 the Government has included Enfield Council in the roll out of Universal Credit full service. The current council tax support scheme for 2019/20 takes into account the effect of the roll out of Universal Credit and ensures the scheme remains affordable while at the same time seeks to protect vulnerable council taxpayers.
- 3.7 For 2019/20, the government changed the legislation so that empty homes attract a 200% premium on their council tax, effective from the 1st April 2019.

How does the current scheme work?

- 3.8 The Scheme assessment process is complex and therefore difficult to explain as each household circumstances are different and each of these circumstances are taken into account when calculating the council tax support. For example, two households with the same income levels in the same council tax banding, will pay different levels of council tax support depending on how many children are in the household for example. But broadly, simplifying the scheme works as follows:

- For claimants receiving the a passported benefit e.g. Income Support, Jobseekers Allowance (income based), Employment support Allowance (income-related) – the minimum they have to pay is 26.5 %
- For claimants with income above the income threshold – once they are over the minimum applicable amount (applying the governments threshold) they pay an additional 20% of the excess income – this is known as the Income 'taper'.
- Pensioner age council tax support claimants can receive 100% of the council tax if they are on or below the minimum income threshold.

4. ADDITIONAL SUPPORT FOR HARDSHIP

- 4.1 In recognition of the difficulties faced by local households, the Council introduced and has maintained a discretionary Council Tax Hardship Scheme. Households facing exceptional financial hardship can apply to the scheme and receive help with their Council Tax. Payment from the Council Tax Hardship Scheme this year will exceed £200,000. The Council Tax Hardship Scheme is called upon over time not simply within the current financial year of the scheme.
- 4.2 Further, the council also provides core funding to the Citizens Advice Bureau of £340k which includes the provision of debt advice.
- 4.3 For 2019/20 the council is exploring ways to change our debt collection processes to support our more vulnerable council tax payers. Following the conclusion of the consultation, should this proposal be agreed, any additional available resources from this Scheme change will be re-invested to support these improvements.

5. AMENDMENTS TO THE COUNCIL TAX SUPPORT SCHEME CONSIDERED

- 5.1 For 2020/21 the current scheme has been reviewed to see whether the minimum contribution for households living on the basic needs allowance can be reduced from the current 26.5%. The impact of this proposal is to reduce the council tax bills for residents who have the lowest income levels and are in receipt of Council Tax Support.
- 5.2 There are many ways to assess council tax support but given the financial position outlined in the Medium-Term Financial Plan (updated at July 2019 Cabinet) the council must manage the cost of any future council tax support scheme within its projected financial constraints. Therefore, the aim of this proposal to reduce the threshold is funded from within the current scheme envelop.
- 5.3 Universal Credit was introduced in 2013 by the Government to gradually replace 6 means tested benefits, including Housing Benefit. It only affects working age claimants. From 2015 the roll out of Universal Credit commenced in Enfield. To date over 3,000 housing benefit claims have been cancelled as tenants are migrated across. Over 5,500 council tax support claimants currently receive Universal Credit. As set out above the council's CTS scheme was amended in 2017-18 to take account of this new benefit. However, since then, the Government has increased the Universal Credit work allowance and the current Scheme needs to be reviewed for residents in receipt of this benefit because there is now a disparity in the way the scheme works for residents on universal credit and other types of benefits.
- 5.4 The proposal for consultation is set out below:

Proposal for consultation

- 5.5 **Reducing the maximum council tax support limit and increasing the excess income taper.**

What is the proposal? – The proposed council tax support change for 2020/21 is to decrease the minimum payment level from 26.5% to 24.5% and to increase the excess income taper from 20% to 22.5%.

What is the impact on the resident? - The change in minimum payment level will benefit all claimants and cost the council £290,000 while only claimants with income above their applicable amount (the Government assessment of basic living needs) will be impacted by the increase in the income taper.

This option would reduce the council tax payable for c12,200 council tax payers on the lowest level of income not affected by the income taper by on average £0.60 per week. Some 7,300 household's above the basic needs allowance level would be affected by the increase in income taper by £0.49

per week on average. The range and households impacted by the proposed change are shown below:

Weekly Saving Breakdown Working Age		Couple one or both over 18	Family one or both over 18	Lone parent	Single claimant
£ Range	No of Claims	43	582	521	258
£0-0.50	1404	58	769	749	344
£0.51-1.00	1920	63	750	761	213
£1.01-1.50	1787	40	560	495	120
£1.51-2.00	1215	30	304	204	52
£2.01-2.50	590	17	213	59	15
£2.51-3.00	304	6	54	11	5
£3.01-3.50	76	2	21	2	3
£3.51-4.00	28	3		2	
£4.01-4.50	5	262	3253	2804	1010
	7329	3515		3814	
		<i>Couples</i>		<i>Singles</i>	

What is the impact on the budget? – Reducing the minimum payment will increase the cost of the council tax support scheme by £290,000. Increasing the income taper to 22.5% will increase council tax income by 22.5%, an overall estimated net saving of £100,000.

What does the proposal achieve? – The proposal means that benefits claimants on or below the basic needs allowance, i.e. those on the lowest income levels will pay reduced council tax e.g. residents receiving Job Seekers Allowance, Income Support, Employment Support Allowance. Claimants who are above the threshold will pay an additional 2.5% of their income above the threshold towards their council tax bill.

5.6 Amend the universal credit earned income threshold.

What is the proposal? - An administrative change to the council tax support scheme to adjust the earned income threshold for residents claiming Universal Credit from £1,265 to £1,100 per month. Currently 5,500 households receive Council Tax Support based on an award of Universal Credit.

This change will reduce the threshold to align with a recent increase in the Universal Credit earned income disregard (known as the Work Allowance) by the Department of Work and Pensions from 1st April 2019 and will also ensure the council tax support scheme for council tax payers receiving Universal Credit remains equitable when compared with non-Universal Credit Council Tax Support assessment.

What is the impact on the resident? - This would impact 122 current Universal Credit claimants by an average of £17.67 per week. The range and households impacted by the proposed change are shown below:

Working Age Not Protected		Couple one or both over 18				Family 1 or both state pension		Family one or both over 18		Lone parent over 25 or	
		18		pension		both over 18		Lone parent over		Single claimant 25 or	
£0-£5	0										
£5-10	5			1		1		1		2	
£10-15	25			2		0		13		10	
£15-20	40			1		11		22		6	
£20-25	47			4		1		28		9	
£25-30	4					2		1		1	
£30-35	1					1					
	122	8		1		43		46		24	

What is the impact on the budget? - This change will increase council tax income for the council by £112,000, based on current levels.

What does the proposal achieve? – The proposal will ensure the council tax support scheme assessment remains equitable for Universal Credit and non-Universal Credit working age claimants in preparation for the possible introduction of an increased number of income banding levels in future years.

6. PROPOSED CONSULTATION PROCESS

6.1 The consultation is proposed to take 12 weeks and would commence shortly after the July Cabinet decision is made. The consultation would include:

- Physical copies of the consultation in all of borough libraries and the Customer Service Centre
- Online consultation form via the Council's website
- Targeted social media campaign
- Targeted communication with existing contacts on the Council Tax database

6.2 As specified in the legal advice, the consultation will include three proposals, the preferred proposals set out here and the no change option.

7. REASONS FOR RECOMMENDATIONS

7.1 The recommendations contained in this report follow an assessment of options, experience of operating the scheme to date and the Equality Impact Assessment. The recommended changes introduced in 2014 for defined

protected groups and the further extension of care leavers under the Equality Impact Assessment support the Council's aims to build strong, stable communities and are recommended to be continued next year.

8. COMMENTS OF OTHER DEPARTMENTS

8.1 Financial implications

The agreed Council Tax base will be built into the 2020/21 budget and Council Tax to be recommended to Council in February 2020. The overall cost of £32m for the Council Tax Support Scheme for 2020/21 would be reduced by an estimated £100,000 and £112,000 respectively based on 2019/20 council tax levels as a result of the proposals contained in this report subject to public consultation. This is net of the Greater London Authority share and would be reflected in the Council's council tax collection fund estimate to be agreed in January 2020. These figures are based on the current cohort of resident and therefore are an estimate. Should, post consultation, this proposal proceeds, this will potentially provide additional resources to support an improved debt prevention and debt collection improvement processes.

8.2 Legal implications

- 8.2.1 The Welfare Reform Act 2012 provided for the abolition of Council Tax Benefit (CTB). Provisions for the localisation of Council Tax support were included in the Local Government Finance Act 2012. Since 1 April 2013 local authorities in England have been responsible for administering their own Council Tax Reduction Schemes subject to the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (SI 2012/2885). Some authorities chose to adopt the default scheme provided for in the Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (England) Regulations 2012 (SI 2012/2886). Each year, after a Council Tax Reduction Scheme (Council Tax Support Scheme) has been implemented, the Council must consider whether to revise or replace its scheme. Any revision or replacement to the scheme must be made by 11 March, preceding the financial year in which the revision or replacement is to have effect. The Secretary of State prescribed a default scheme which took effect from April 2013 where a billing authority failed to make a scheme on or before 31 January. Following the Independent Government review in the Schemes (see below), there was a finding that that Councils find the date of 31st January, as arbitrary, illogical, too early and inefficient. Key Government announcements and budgetary decisions may impact as the consultation process may have concluded resulting in potentially, a further consultation exercise.

This default scheme retains the criteria and allowances previously in place for CTB (Council Tax Benefit). Authorities can revise or replace their schemes in preparation for the start of each financial year. They may not make in-year

revisions. Transitional arrangements must be put in place where revisions result in a reduction or removal of assistance for a class or classes of persons.

As the proposed Council Tax Support Scheme for 2020/2021 will be a replacement or revision to the current scheme it falls under the statutory requirement to consult under the 13A Local Government Finance Act 1992, which is the Act under which the Council Tax Support Schemes are formed. If there is a replacement or revised scheme, proposed, then the statutory duty to consult is mandatory.

8.3 **Property Implications**

None

9. **Key Risks**

- 9.1 The key risks relate to operational, financial and reputational concerns. There is an operational risk of failure to collect the estimated amount, e.g. if any category of exemption has not been specified and following implementation of the scheme the Council is unwilling to pursue recovery action in particular cases of default. The operational risks are mitigated by assisting payers with supportive payment arrangements and by applying fairly, consistently and promptly the recovery process.
- 9.2 The financial risk is of insufficient collection rates and of Universal Credit caseload rises being beyond those anticipated in calculating the Local Scheme costs and deductions required from support. In the initial year of the scheme there was a risk that collection rates may be over or under stated. The Council has adjusted anticipated ultimate collection rates in the scheme for 2018/19 based on experience to date and the impact of increase in contribution rates. Variation between the estimated and actual collection rates and caseload levels will result in either a deficit (or surplus) on the Collection Fund in future years. The current Medium-Term Financial Plan assumes variation to current assumptions. The cost of the 19/20 scheme will be monitored, paying particular attention to those on Universal Credit with a net Earned Income up to the revised level. Options to introduce more earned income bands, for those getting Universal Credit, to attract different maximum contribution rates will be considered for 2021/22.
- 9.3 The reputational risk is of failure to make proper provision for people on low income losing some of the current level of support. The reason for this scheme arises from a Government decision to replace the existing national scheme with local schemes with reduced grant funding and clearly considerable help will need to be available to payers facing increased Council Tax bills as a result of the change in scheme. Conversely, failure to properly pursue payment of Council Tax due in such cases would create inequality of treatment with other Council Taxpayers many of which will have income levels only marginally above the limit for obtaining Council Tax Support.

10. IMPACT ON COUNCIL PRIORITIES

10.1 Good homes in well-connected neighbourhoods, Sustain strong and healthy communities, Build our local economy to create a thriving place

Council tax income helps fund essential Council services. Council tax support helps households on a low income pay the council tax. Enfield's Local Council Tax Support helps over 35,000 residents pay the council tax. The Council works closely with residents and its partners to maximise welfare benefits where possible.

10.2 Sustain strong and healthy communities

Enfield's Local Council Tax Support helps over 35,000 residents pay the council tax. The Council works closely with residents and its partners to maximise welfare benefits where possible.

10.3 Build our local economy to create a thriving place

N/A

11. EQUALITIES IMPACT

As part of the modelling undertaken for this proposal and equalities impact assessment has been undertaken. The modelling of the average weekly change, range, no. of claims and households affected by the proposals and indicates a broad range of affected households and no one particular household group impacted more than another. The recommendations contained in this report retain financial support for protected working age vulnerable groups.

12. PERFORMANCE MANAGEMENT IMPLICATIONS

None.

13. PUBLIC HEALTH IMPLICATIONS

Council tax support helps residents who may also be struggling financially due to the wider Government welfare changes. The implications will depend upon the success of residents gaining employment or, for those in low paid employment, obtaining better paid employment. Supporting people facing hardship and stress will be key to promoting the ability of families to provide healthy food, to pay bills and to promote sound mental health.

APPENDICES

Appendix A – 2019/20 Council Tax Support Scheme

Appendix B – Draft 2020/21 Council Tax Support Scheme changes

Appendix A

The Council Tax Reduction Scheme - Summary - 2019/20

Introduction

The London Borough of Enfield's Council Tax Reduction Scheme is based on the CTRS (Default) Scheme Regulations 2012 except where otherwise stated and the Prescribed Regulations updated and issued annually by Government.

The definition and detail of the above Regulations can be found on the National Legislation website below.

<http://www.legislation.gov.uk>

The full CTRS Scheme for 2018/19 can be found at the following link –

<https://new.enfield.gov.uk/services/benefits/housing-benefit-and-council-tax-support>

The 2019/20 scheme is based on the 2018/19 scheme, updated for legislative amendments, income updating and administrative changes

Principles of the Scheme for 2019/20

The principles of the scheme continue to provide for a system based on -

Ensuring that those who can afford to pay make a fair contribution;

Support is provided for those in difficult circumstances;

The Scheme protects the most vulnerable.

The reduction in Council Tax Support for working age reflects the on-going reduction in Government funding for the scheme and other services.

Classes of Persons

Classes of persons excluded from the Scheme are set out in the Prescribed Regulations, including those treated as not resident in Great Britain and who are subject to immigration control.

Uprating

Working Age claimants – The uprating of applicable amounts, premiums and disregards are updated in line with the Housing Benefit Statutory Regulations 2006 as amended.

Pensionable Age claimants– The uprating of applicable amounts, premiums and disregards are updated in line with the Prescribed Regulations issued by the Ministry of Housing, Communities and Local Government.

Working Age Claimants

The main changes to the Default Scheme Regulations 2012 are summarised below–

The second adult rebate (2AR) was removed from 2013.

The higher rate non-dependant deduction is £20.50 per week for those earning above £436.90 gross income per week. All other non-dependant deductions have been increased in line with the Prescribed Regulations.

Claimants in receipt of Universal Credit and earning more than £1,264.99 **net** per month do not qualify for CTS. Only those whose income goes above £1,264.99 per month need to report a change which will result in the award ending. The effective date of change will be the Monday following the date Universal Credit changed.

The contribution towards Council Tax is 26.5% unless a claimant is in a protected group.

The upper Capital threshold is £6,000.

The minimum weekly entitlement is 0.50p

Claims may be backdated for up to 12 months where good cause has been established.

CTS may be payable on two homes in cases of Domestic Violence.

The restriction on Personal Allowances to two children is aligned with Housing Benefit. This restriction will only apply where a new application for CTS is made or a claimant becomes responsible for a new young person.

A Council Tax Hardship Fund was introduced in 2013. Information regarding the fund is available at <https://new.enfield.gov.uk/services/benefits/discretionary-payments>.

Protected Groups.

The following groups are exempt from the contribution towards their Council Tax.

War Widows

A Claimant or partner in receipt of Carers Allowance

A Claimant or partner in receipt of High Rate Disability Living Allowance (Mobility and Care component) or Enhanced Personal Independence Payments (Daily Living and Mobility Component)

A Claimant or partner in receipt of the support component of Employment and Support Allowance.

A Claimant or partner who are Foster Carers and who were recruited and trained by Enfield Council.

Care Leavers under 25 years old.

Pensioners

The second adult rebate (2AR) is retained for those of pensionable age.

Non-dependant deductions and income bandings are increased in line with the Prescribed Regulations.

Backdating may be awarded for up to 12 months where good cause has been established.

The date of change for those reporting a change in their circumstances is the Monday following the date of change, regardless of the date notified.

Where Housing Benefit or Universal Credit is already in payment, a new claim for Council Tax Support is not required.

Appeals

A claimant can make an appeal to the Council concerning their entitlement to a Council Tax reduction under the Scheme or the amount of reduction they are entitled to. The appeals procedure is set out in the Prescribed Regulations.

An appeal must be made within one month of the decision and include the reason for the appeal and the period it applies to. Any additional evidence to support the appeal should be provided. The Council will consider the appeal and inform the customer of the outcome. Were a customer remains dissatisfied they can appeal further to the Valuation Tribunal.

Appendix B

The Council Tax Reduction Scheme - Summary - 2020/21 Proposed Change

Working Age Claimants

The main changes to the Default Scheme Regulations 2012 are summarised below–

The second adult rebate (2AR) was removed from 2013.

The higher rate non-dependant deduction is £20.50 per week for those earning above £436.90 gross income per week. All other non-dependant deductions have been increased in line with the Prescribed Regulations.

Claimants in receipt of Universal Credit and earning more than £1,099.99 net per month do not qualify for CTS. Only those whose income goes above £1,099.99 per month need to report a change which will result in the award ending. The effective date of change will be the Monday following the date Universal Credit changed.

The contribution towards Council Tax is 24.5% unless a claimant is in a protected group.

The upper Capital threshold is £6,000.

The minimum weekly entitlement is 0.50p

For excess income, the income taper of 22.50 per cent (previously 20 per cent) will be used to calculate the amount of reduction to be made

Claims may be backdated for up to 12 months where good cause has been established.

CTS may be payable on two homes in cases of Domestic Violence.

The restriction on Personal Allowances to two children is aligned with Housing Benefit. This restriction will only apply where a new application for CTS is made or a claimant becomes responsible for a new young person.

A Council Tax Hardship Fund was introduced in 2013. Information regarding the fund is available at <https://new.enfield.gov.uk/services/benefits/discretionary-payments>.

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MUNICIPAL YEAR 2019/2020 REPORT NO. **44****MEETING TITLE AND DATE:**Cabinet – 17th July 2019**REPORT OF:**

Executive Director - Resources

Contact officer and telephone number:

Sam Buckley 020 8379 3362

E mail: Sam.Buckley@enfield.gov.uk**Agenda – Part: 1****Item: 9****Subject: Quarterly Corporate Performance Report****Wards: All
Non Key****Cabinet Member consulted:
Cllr Ian Barnes****1. EXECUTIVE SUMMARY**

- 1.1 In the current challenging financial environment, there is value in demonstrating that, in many areas, Council performance in delivering key priorities is being maintained and/or improved. It is also important that the Council understands and effectively addresses underperformance.
- 1.2 This is the quarterly report on the new Corporate Performance Scorecard that reflects the Council priorities as outlined in the new Council Business Plan. The report attached at Appendix 1 shows the Quarter 4 performance for 2018/19 and compares it to the Council's performance in Q4 17/18.

2. RECOMMENDATIONS

That Cabinet notes, for information only, the progress being made towards achieving the identified key priorities for Enfield.

3. BACKGROUND

- 3.1 In the continuing challenging local government financial environment, it is important that the Council continues to monitor its performance to ensure that the level and quality of service and value for money is maintained and where possible improved. It is also essential to understand and take appropriate action in areas where performance is deteriorating. This may include delivering alternative interventions to address underperformance, or making a case to central government and other public bodies if the situation is beyond the control of the Council.
- 3.2 The Corporate Performance Scorecard has been developed to demonstrate progress towards achieving the Council's aims and key priorities as set out in the Council Business Plan. The performance measures are grouped under the Council's new strategic aims of the People and the place and Our Guiding principles. A number of financial health measures are also included. The scorecard is reviewed annually and targets are set based on local demand and available resources.
- 3.3 Performance is reported quarterly to the Executive Management Team and Cabinet. Following the Cabinet meeting the performance tables are published on the Council's website.

4. PERFORMANCE

- 4.1 This is the latest quarterly report on the Corporate Performance Scorecard that reflects Council priorities. The report attached at Appendix 1 shows the Quarter 4 performance for 2018/19 and compares it to the Council's performance at the end of Q4 2017/18. The report includes performance data relating to a number of statutory data returns that are supplied to central government. Where appropriate, explanatory comments are provided in the column next to the performance information.

4.2 Financial Indicators

This section provides an overview of the Council's financial health.

4.3 Priority Indicators

The scorecard groups performance indicators under the Council's strategic aims as set out in the new Corporate Plan. Where a target has been set, performance is rated as green if it is on or exceeding the target; amber where the target has been narrowly missed, but is still on track; and red where performance is below the target set for the year.

The notes cover a number of areas and may include explanation of how the indicators are calculated, commentary on progress towards achieving the targets, trends over time and national comparisons.

5. 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.

6. REASONS FOR RECOMMENDATIONS

To update Cabinet on the progress made against all key priority performance indicators for the Council.

7. COMMENTS OF OTHER DEPARTMENTS

7.1 Financial Implications

The cost of producing the quarterly reports will be met from existing resources.

7.2 Legal Implications

There is no statutory duty to report regularly to Cabinet on the Council's performance, however under the Local Government Act 1999 a best value authority has a statutory duty to secure continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness. Regular reports on the Council's performance assist in demonstrating best value.

7.3 Property Implications

None.

8. KEY RISKS

Robust performance management helps identify areas of risk in service delivery and ensure that council resources are used effectively and that the Council's good reputation is maintained.

9. IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD

a. Good Homes in well-connected neighbourhoods

The scorecard includes indicators that measure the Council's progress in providing good homes and reducing temporary accommodation across the Borough.

b. Sustain strong and healthy communities

The scorecard includes indicators that assess how the Council's actions are contributing to strengthening communities, reducing crime and improving health outcomes for residents.

c. Build our local economy to create a thriving place

The scorecard includes indicators that aim to support business growth, increase numbers of people in employment, protect and sustain Enfield's environment and support Enfield's voluntary and community sector.

10. EQUALITIES IMPACT IMPLICATIONS

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 designing and changing services or budgets so that our decisions do not unduly or disproportionately affect access by some groups more than others.

Corporate advice has been sought in regards to equalities and an agreement has been reached that an equalities impact assessment/analysis is not relevant or proportionate for the corporate performance report.

11. PERFORMANCE MANAGEMENT IMPLICATIONS

Robust performance management provides the Council with accurate data and ensures that service delivery is meeting local needs and priorities.

12. PUBLIC HEALTH IMPLICATIONS

The scorecard includes a number of health and wellbeing indicators that aim to address the key health inequalities in Enfield.

Background Papers

None

EMT Review: 2018-19 Performance Review

Report Author: Joanne Stacey

Generated on: 7th June 2019



1. Resource Management: Budget Monitor

Financial Indicator	Key Highlights	Status
FR&CS 100 Income & Expenditure Position – Year end forecast variances	The draft outturn position is now available and will be reported in full detail to July Cabinet. There's a slight movement from the Q3 reported position with a need to draw down £4.4m of reserves.	
FR&CS 101 Capital Position – Year end forecast variances	Total spend on Capital at outturn is £188.7m, a very small movement from the £189.6m forecast at the end of Q3. As with revenue it will be reported to Cabinet in full in July.	
FR&CS 102 Income & Expenditure Position – HRA	The HRA is projecting an overspend of £2.4m this has been met from HRA balances.	
FR&CS 103 Income & Expenditure Position – DSG	The DSG outturn position for 2018/19 was a surplus of £1.094m but after outstanding recoupment adjustments have been processed in 19/20 the net surplus will be reduced £0.380m. This shows a significant improvement over the year but some of this is due to slippage in new provision which will now open in 19/20 and this is likely to result in an overall deficit so the current surplus is likely to be temporary.	
FR&CS 104 Cash Investments: Borrowing & Cash Flow	The current profile of cash investments continues to be in accordance with the Council's approved strategy for prioritising security of funds over rate of return.	
FR&CS 105 Balance Sheet – General Fund balances year end projections	The outturn for General Fund balances will meet the Council's Medium Term Financial Strategy target based on the use of uncommitted reserves to meet one-off overspends in 2018/19.	

2. Good Homes in Well Connected Neighbourhoods

(a) Planning

Indicator	2017/18	Jan 2019	Feb 2019	Mar 2019	2018/19	Annual Target 2018/19	Notes
	Value	Value	Value	Value	Value		
NI157a BV109a % MAJOR applications determined within target	84.4%	100%	0%	100%	73.1%	88%	Jan: 2/2; Feb: 0/1; Mar: 2/2; Q4: 4/5; YTD: 19/26 Due to the small number of major applications, performance can be disproportionately influenced by single decisions. Comments: Anew Strategic Majors role has been created and recruited and this officer will provide a dedicated resource to focus on strategic major applications and use of PPAs. This will have a positive impact on our statistics for major applications. A weekly Strategic Applications meeting and other interventions are also focussing on major applications.
NI157b BV109b % MINOR applications determined within target	82.3%	61.1%	56.9%	51.5%	66.1%	85%	Jan: 33/54; Feb: 29/51; Mar: 34/66; Q4: 96/171; YTD: 436/660 Note: The target for 2017/18 was 80% this was increased to 85% for 2018/19 following EMT decision to aim for the London average. Comments: Over the past year vacancies have had a significant impact on performance. Progress has been made to fill posts.. A service Action Plan for 2019/20 has been developed which sets out the objectives for Planning in order to bring performance back in line with the agreed targets by November 2019. This includes focus on 1:1s and performance management; early case review meetings to enable early decision-making and renewed priority on encouraging applicants to withdraw and enter pre-app rather than negotiating on live applications. April performance is 71.4% which demonstrates improvement.
NI157c BV109c % OTHER applications determined within target	86.4%	77.3%	75.9%	71.6%	78.3%	89%	Jan: 68/88; Feb: 63/83; Mar: 68/95; Q4: 199/266; YTD: 976/1246 Note: The target for 2017/18 was 80% this was increased to 85% for 2018/19 following EMT decision to aim for the London average. Comments: Over the past year vacancies have had a significant impact on performance. Progress has been made to fill remaining posts. A service Action Plan for 2019/20 has been developed which sets out the objectives for Planning in order to bring performance back in line with the agreed targets by November 2019. This includes: assisting with 'other' applications include new focus on 1:1s and performance management; early case review meetings to enable early decision-making and renewed priority on encouraging applicants to withdraw and enter pre-app rather than negotiating on live applications. April performance is 77.9% which demonstrates improvement on March.
ENV247 % 2 year rolling MAJOR applications determined within target	84.6%	80.7%	78.6%	79.3%	79.3%	86%	46 of 58 major planning applications determined within the last 24 months were processed within 13 weeks. Note: Target increased from 75% in 2017/18 to 86% 2018/19 following EMT decision to aim for the London average. Government threshold target for special measures' for the speed of major development 'is currently 60%. Comments: . A new Strategic Majors role has been created and recruited and this officer will provide a dedicated resource to focus on strategic major applications and use of PPAs. This will have a positive impact on our statistics for major applications. A weekly Strategic Applications meeting and other interventions are also focussing on major applications.. A service Action Plan for 2019/20 has been developed which sets out the objectives for Planning in order to bring performance back in line with the agreed targets by November 2019.

Indicator
ENV247a % 2 year rolling MINOR applications determined within target
ENV247b % 2 year rolling MINOR & OTHER applications determined within target
ENV319 # Undetermined applications validated over 6 months ago

2017/18
Value
82.2%
84.2%

Jan 2019	Feb 2019	Mar 2019
Value	Value	Value
78.2%	76.7%	75%
81.9%	81%	80%
N/A		

2018/19	Annual Target 2018/19	Notes
Value		
75%	85%	1,106 of 1,474 minor applications determined within the last 24 months were processed within 8 weeks. Note: Target increased from 70% in 2017/18 to 85% 2018/19 following EMT decision to aim for the London average. Comments: Over the past year vacancies have had a significant impact on performance. Progress has been made to fill posts.. A service Action Plan for 2019/20 has been developed which sets out the objectives for Planning in order to bring performance back in line with the agreed targets by November 2019. This includes focus on 1:1s and performance management; early case review meetings to enable early decision-making and renewed priority on encouraging applicants to withdraw and enter pre-app rather than negotiating on live applications.
80%	85%	3,332 of 4,166 minor and other applications determined within the last 24 months were processed within 8 weeks. Note: Target increased from 70% in 2017/18 to 85% 2018/19 following EMT decision to aim for the London average. Government threshold target for special measures' for the speed of non-major development 'is currently 70%. Comments: Over the past year vacancies have had a significant impact on performance. Progress has been made to fill remaining posts. A service Action Plan for 2019/20 has been developed which sets out the objectives for Planning in order to bring performance back in line with the agreed targets by November 2019. This includes: assisting with 'other' applications include new focus on 1:1s and performance management; early case review meetings to enable early decision-making and renewed priority on encouraging applicants to withdraw and enter pre-app rather than negotiating on live applications.
366		Value reflects the position on the last day of the quarter. Includes all applications validated on or after 01/04/2015 to date where no decision is recorded.

(b) Section 106 Agreements

Indicator	2017/18	Jan 2019	Feb 2019	Mar 2019	2018/19	Annual Target 2018/19	Notes
	Value	Value	Value	Value	Value		
ENV320 Section 106 spend	1.36m	N/A			4.19m		2018/19 spend £4.19 2017/18 spend: £1.36m As set out in the report, there has been significant increase in the amount of section 106 funds that has been collected and spent since the beginning of the last reported financial year (2017/2018). The majority of these funds were used to towards the provision of affordable housing in the borough and meeting the borough's increased demand for extra primary school places by constructing new buildings, classrooms, specialist facilities and play spaces. This is the highest S106 expenditure ever recorded to date (our records go back to 2009/10).
ENV321 Section 106 receipts	1.37m	N/A			2.79m		2018/19 Receipts £2.7 2017/18 Receipts: £1.37m
ENV327 Section 106 balance	6.30m	N/A			4.16m		2018/19 Closing Balance £4.16 2017/18 Closing Balance: £6.30m
ENV261a % Section 106 Agreements closed within 6 months of the date of resolution	85%	zero cases	zero cases	100%	65.2%	90%	Jan: 0/0; Feb: 0/0; Mar: 1/1; Q4: 1/1; YTD: 15/23 Comments: Completion of legal agreements requires negotiation among all parties. We have created a Strategic Majors post to focus on major applications which often have S106 agreements. Note: Target reduced from 95% in 2017/18 to 90% in 2018/19 following a review of performance.

(c) Housing

Indicator	2017/18	Jan 2019	Feb 2019	Mar 2019	2018/19	Annual Target 2018/19	Notes
	Value	Value	Value	Value	Value		
NI156i Number of households living in temporary accommodation	3249	3377	3416	3410	3410	3049	We have commissioned the Smith Institute to undertake a review into Enfield's Homelessness demands and Homelessness service. We have also recently created two new roles to lead council-led housing delivery which will over time reduce dependency on Temporary Accommodation.
AUD FC003 Recovery of Council properties that have been unlawfully used, including those fraudulently obtained, sublet, or abandoned (Council and TA properties)	101	89	96	104	104	100	104 properties recovered (65 Council Housing/39 TA properties). Increase of 3 compared to 2017/18
SGB144b Families with children in Bed and Breakfast accommodation for more than 6 weeks, excluding those pending review	10				1	0	Q4 there was one family that remained in B&B accommodation over 6 weeks. This family was moved into PRS April 2019, an offer was made to the family within the 6 week period, however they choose to remain in B&B until a more suitable offer became available

(d) Council Homes									
Indicator	2017/18		Jan 2019	Feb 2019	Mar 2019		2018/19	Annual Target 2018/19	Notes
	Value		Value	Value	Value				
HO002b Council Homes - Current Tenants: Total Arrears	£2,439,561		£2,566,938	£2,233,296	£2,286,408		£2,286,408	£2,600,000	Target to restrict arrears increase to below £2.6m by March 2019 (increase due to universal credit roll out). Target set for arrears to increase by no more than £16,660 per month
TP150 Contractor monitoring by Council Housing of responsive repairs completed by agreed target date - (YTD)	91.8%		93.3%	93.2%	92.7%		92.7%	98%	Data outturns are inclusive of all term contractor repairs that were raised in April 2018 (and completed by the end of March 2019). A total of 26,095 responsive repairs were completed in time from a total of 28,145 repairs completed. Whilst there has been some improvement with this KPI since last year we continue to perform below target. We have implemented a number of changes such contractors using of extensions of time provisions where appropriate, increasing the self-variation limit for contractors and allowing contractors to control their diaries, all of which will improve this KPI over the coming months.
TP123 Overall satisfaction with repairs service provided by Council Homes	97.8%		98.4%	98.3%	98.2%		98.2%	90%	<p>This indicator is drawn from a customer satisfaction survey for council tenant housing repairs. Percentages displayed in months represent cumulative year to date (YTD): 2,725 out of 2,774 (98.2%) surveys returned in respect of works orders issued (period April 2018 to March 2019 inc) indicated their satisfaction with the responsive repair service.</p> <p>This is a very small sample size and a low return rate given the number of repairs undertaken annually. The proposed changes to the repairs service will include a set of performance KPIS which are more appropriate and reflective of the service.</p>

3. Build our Local Economy to Create a Thriving Place

(a) Education & Training

Indicator	2017/18	Jan 2019	Feb 2019	Mar 2019	2018/19	Annual Target 2018/19	Notes
	Value	Value	Value	Value	Value		
SCS117 % of 16-17 year olds not in education, employment or training (NEET) or not known (NK) (new Sept 2016)	6.66%	5.1%	5.1%	5.2%	5.6%	7%	<p>The total yearly NEET & Not Knowns figure is the average of December, January and February.</p> <p>The end of year 2018/19 Enfield NEET/KN figure is 5.6%. This is 1.4% better than target, a positive performance. This is an improvement on last years 6.66%.</p> <p>March NEETs in Enfield was 1.4%, which is level with the same period last year. This was better than London at 1.9% and England 2.8%.</p> <p>Not Knowns in Enfield was 3.8% and is better than the same period last year December at 6.0%. London is 2.2% and England 2.3%. Participation increased year on year to 92.2% from 94.1% last year Total Number of NEET : 117</p>

(b) Safeguarding Children

Indicator	2017/18	Jan 2019	Feb 2019	Mar 2019	2018/19	Annual Target 2018/19	Notes
	Value	Value	Value	Value	Value		
LAC18 (PAFCH39) Children looked after (CLA) per 10000 population age under 18	40	43.5	43.8	45.4	45.4	60	<p>382 CLA as at the end of March; the highest recorded figure in Enfield.</p> <p>38 Children with a disability. Current under 18 population figure from the DfE is 84,211. 24 Children entered care in March.8 Children left care in March.12 month average figure of looked after children is 356/month.</p>
NI060A Percentage of C&F Assessments for children's social care that were authorised within 45 working days of their commencement	61.2%	71.5%	72.7%	74.1%	74.1%	80.0%	<p>Since the 1st April 2018, 3653 out of 4928 completed assessments have been authorised within 45 working days of the assessment start date.</p> <p>The average duration for those authorised was 37.6 days.</p> <p>Percentage of assessments completed by the Social Worker within 35 working days was 58.3%, the average duration for completion was 34.1 days. April data shows performance at 82%</p>
NI065 Percentage of children becoming the subject of Child Protection Plan for a second or subsequent time - in the past two years	8.0%	7.7%	7.7%	8.1%	8.0%	8.0%	<p>This indicator counts children who had a previous child protection plan in the past two years. Of the 359 children who became subject to a Child Protection plan during the past 12 months, 29 had been on a previous Child protection plan in the past two years and 56 (15.6%) have had a previous CPP at some point.</p>
SG11 (CS20) No of children on the CP Plan per 10000 children	27.9	33.5	31.7	35.1	35.1	43	<p>296 children with a CP plan as at the end of March 2019, divided by the child population of Enfield; 84,211 x 10000.</p> <p>49 new CPP and 18 cessations during March. The current rate compares to 28.9 (242) as at March 2018.</p>

(c) Libraries, Arts & Culture

Indicator	2017/18	Jan 2019	Feb 2019	Mar 2019	2018/19	Annual Target 2018/19	Notes
	Value	Value	Value	Value	Value		
ENV317 Participation in Council Led Arts Activities		N/A			273,990	132,808	Quarter 4 total = 63850 Millfield Arts Centre, 29,450 Dugdale Centre 16,400 Forty Hall 15,600 Salisbury House 2400
LM04 Enfield Library Visits	1,238,260				1,383,821	1,200,000	2018/19: target 1,200,000 (close to 17/18 outturn) - equal to 300,000 per quarter
LM07.021 Enfield Town Library and Community Libraries (Issues & Renewals)	242269				229526	226000	2018/19: Overall target for all libraries - 758,000. Target Enfield Town and community libraries): 226,000 (56,500 per quarter) Data has not been available since the introduction of a new IT system in March. As a result, the quarter 4 data includes an estimated total for March 2019.
LM07.022 Edmonton Green Library and Community (Issues & Renewals)	102943				127906	114000	2018/19: Overall target for all libraries - 758,000. Target for Edmonton Green and community libraries): 114,000 (28,500 per quarter)
LM07.023 Palmers Green Library and Community Libraries (Issues & Renewals)	198118				182032	180000	2018/19: Overall target for all libraries - 758,000. Target for Palmers Green and community libraries: 180,000 (45,000 per quarter)
LM07.024 Ordnance Unity Centre Library and Community Libraries (Issues & Renewals)	67290				67713	67500	2018/19: Overall target for all libraries - 758,000. Target for OUC and community libraries): 67,500 (16,875 per quarter)

(d) Physical Activity

Indicator	2017/18	Jan 2019	Feb 2019	Mar 2019	2018/19	Annual Target 2018/19	Notes
	Value	Value	Value	Value	Value		
ENV318 Satisfaction with Leisure Centre Users					77.13%	77%	Satisfaction Rating: Q1 - 75.5%; Q2 - 81.6%; Q3 - 73.1% Q4 - 73.1% Year: 77.1%
LC001 Sports Development Sessions - Young People Attendances	59,934				60,173	60,533	Top 3 events for Year Tottenham Hotspur 106hrs: 32,947 PE events in Schools: 15,170 Term Time Programme: 8,463
LC002 Sports Development Sessions - Adult Attendances	47,388	34,797			51,872	47,862	Top 3 events for year Park Run: 16,852 Term Time Adults: 14,077 Term Time Over 50s: 12,141

4. Sustain Strong and Healthy Communities

(a) Adult Social Care

Indicator	2017/18	Jan 2019	Feb 2019	Mar 2019	2018/19	Annual Target 2018/19	Notes
	Value	Value	Value	Value	Value		
PAF-AO/D40s Number of clients reviewed in the year (of clients receiving any long term service)	71.5%	61.6%	68.0%	73.3%	73.3%	80.0%	73.3% represents 3,351 of 4,570 clients receiving long term support having a review within the last 12 months. This figure is the highest since 2014-15.
NI130s(%LTSs) Percentage of Current Social Care Clients accessing Long Term Support (LTS) who receive Self Directed Support	107.7%	100%	100%	100%	100%	99.5%	2018-19 Performance is 61%, an increase on last year's performance of 60%, when we were already ranked as the 6th best LA for this measure (excluding Carers).
NI130s(LTS-DP%) Percentage of current clients with Long Term Support (LTS) receiving a Direct Payment	59.95%	60.34%	60.32%	61.00%	61.00%	61.00%	
NI131 (F10) Delayed transfers of care (days): Profile within Each Quarter	5787	483	794	1050	4836	5570	This represents 4,836 DTOCs throughout the year against a target of 5,570 and 2017-18 performance of 5,787. This is equivalent to a 16.4% reduction on last year, when we were already within the top 40 DTOC performers nationally.
NI131 (F11) Delayed Transfer of Care - Days Delayed (SOCIAL CARE Delays): Profile within Each Quarter	1,436	109	209	233	1,382	1,416	
NI132 BV195 Timeliness of social care assessment (all adults)	84.1%	89.2%	89.5%	91.9%	91.9%	90.0%	91.9% of assessments were completed within four weeks. This is a significant improvement on 2017-18 (84.1%) and follows a recent upward trend in this measure.
NI135 Carers receiving needs assessment or review and a specific carer's service, or advice and information (Including Carers Centre)	40.76%	34.97%	43.23%	46.86%	46.86%	48.00%	Although slightly off target (46.86%), this actually represents the highest recorded end of year figure for this measure and is an increase on the same period last year (40.76%).
NI145 Adults with learning disabilities in settled accommodation	83.2%	85.6%	85.8%	85.8%	85.8%	81.0%	
NI146(A) Number of adult learning disabled clients receiving LTS in paid employment	144	144	150	151	151	150	
NI149 % of adults receiving secondary mental health services in settled accommodation (percentage)	84.8%	77.0%	77.0%	77.6%	77.6%	85.0%	Adults receiving secondary mental health services in settled accommodation: 734 , Those who have received secondary mental health services: 946 (77.6%)
NI150 No of Adults receiving secondary mental health services in employment	6.2%	6.0%	6.0%	5.3%	5.3%	6.0%	Total number of adults who have received secondary mental health services in paid employment (i.e. those recorded as 'employed') at the time of their most recent assessment/formal review:50 Total adults who have received secondary mental health services at this point of the financial year: 946 (5.29%) The London average in 2017/18 was 6% the England average 7%.
PAF-AO/C72 New Admissions to supported permanent Residential and Nursing Care (65+) per 100,000 population over 65	520.9	418.1	431.8	479.8	479.8	502.6	This figure represents 210 admissions at the end of 2018-19 and is our best performance in this measure since 2015-16.
PAF-AO/C73 New Admissions to Residential and Nursing Care 18-64 (per 100,000 population).	5.85	6.82	6.82	6.82	6.82	5.85	This represents 14 admissions against a target of 12. It should be noted that we are in the top quartile nationally for this indicator.

(b) Public Health

Indicator	2017/18	Jan 2019	Feb 2019	Mar 2019	2018/19	Annual Target 2018/19	Notes
	Value	Value	Value	Value	Value		
DAAT-001 NDTMS Partnership Successful Completion Rate (%) for all Drug users in treatment (aged 18+), excluding alcohol-only users:	16.8%				(Oct 2018) 18.5%	20.0%	Successful treatment completions over the last two quarters has seen a slight decrease in performance relating to the number of non-opiate patients being discharged from treatment. This has been addressed through quarterly contract review meetings, a detailed action plan has been implemented by the Provider to address the decrease in successful completions across all cohorts as well as to increase numbers into treatment. This has included an audit of current patient caseloads from engagement to treatment as well as time in treatment and a full audit of third party referrals
PH002c New Baby Reviews completed (10-14 days after birth)	98%	N/A			(Q3) 98%	92%	Performance against this measure remains above the London average.
PH002o Proportion of Young People exiting treatment in a planned way of all treatment exits	84%	N/A			(Q3) 85%	77%	Planned discharges remain high and above the national average which was 78% in Q3 18/19
PH002r Number of children receiving Fluoride Varnish	4,829	N/A			4,162	5,500	During 2018/19 6609 children across 38 schools were targeted, of which 4947 consented to the fluoride varnish application and 4162 received the application. 620 children were signposted to dental services for their oral health needs.
PH003h % of Enfield residents' attendance which were at Enfield Sexual Health Clinics	69%	N/A			(Q3) 66%	75%	Performance against this local indicator has remained steady but below the 75% target. NMUH have acknowledged that activity has dipped for December 2018 but through increase in staffing levels and provision of outreach in areas of need are working towards increasing attendance at Enfield Sexual Health Clinics.

(c) Waste, Recycling and Cleanliness

Indicator	2017/18	Jan 2019	Feb 2019	Mar 2019	2018/19	Annual Target 2018/19	Notes
	Value	Value	Value	Value	Value		
NI191 Residual Waste Per Household (kg)	Q3 457 kg per h/h	N/A			Q3 482.7 kg per h/h	580 kg per h/h	Q3 DATA PROVISIONAL - FULL VALIDATION PROCESS AWAITED (still to be verified by Environment Agency) Q3 data shows 25.7 kg (5.3%) more being collected per household than the same time last year. Q4 data not yet available - provisional data due end July 2019. This indicator is currently above target; however, this will significantly decrease in line with the planned new service changes. A significant communications budget will be available for resident engagement and education in relation to recycling and waste reduction; in addition to the introduction of weekly food recycling we expect that much of the food waste currently residing in the residual waste stream will be diverted to this new collection service. Followed by the alternate weekly collection changes and restricting residual waste to 140 litre bins should result in a substantial decrease to the NI192 indicator in 2020/21.
NI192 % of household waste sent for reuse, recycling and composting	Q3 34.1%	N/A			Q3 31.5%	40%	Q3 DATA PROVISIONAL - FULL VALIDATION PROCESS AWAITED (still to be verified by Environment Agency) Q3 data shows 2.7% less household waste being sent for reuse, recycling and composting than the same time last year. Q4 data not yet available - provisional data due end July 2019. The planned new service changes look to exceed target for 2020/21; a significant communications budget is allocated to resident engagement and education, working to reduce waste and increase recycling. Investment in creating a new waste and recycling team will allow us to act on low performing and problematic areas of the borough, as well as continually encouraging residents to recycle more. The introduction of weekly food recycling, and the alternate weekly collection service in late 2019, and spring 2020 will result in increased recycling rate.
PR002 # of customer reported street scene issues (inc. litter issues, bins, dog fouling, graffiti, leaves/weeds, fly posting, road sweeping)	963	79	90	101	1032		270 issues reported as at Q3 2018/19 compared to 274 in Q3 2017/18. Total for 2018/19 1032 compared to 963 reported in 2017/18.

(d) Community Safety

Indicator	2017/18	Jan 2019	Feb 2019	Mar 2019	2018/19	Annual Target 2018/19	Notes
	Value	Value	Value	Value	Value		
CS-SSCB009 Burglary - Residential Offences	2,209	267	241	231	2,541	2,209	* Residential Burglary significantly increased in Quarter 4 by 14.6%, compared with the same time last year. Quarter 4 has shown the highest number of residential burglary in 2018/19. By year end the overall borough trend has been a 14.8% increase which is significantly above London's 3.2% increase in the same period.
CS-SSCB010 Domestic Abuse Incidents	5,840	488	449	457	5,672	5,840	* Domestic Abuse Incidents decreased in the first 2 quarters of 2018-19, then experienced a 2.8% rise in Quarter 3 in comparison with the previous year and then showing another increase by 3.5% in Quarter 4, the overall trend for Domestic Abuse Incidents in Enfield has been a decrease of 3% for the year.
CS-SSCB011 Domestic Abuse Violence With Injury Offences	937	89	77	74	944	937	* Domestic Abuse VWI has increased by 4.8% in Quarter 4, compared to the same time last year. The highest number of offences remains December 2018. The overall trend for 2018/19 was an 0.5% increase in Enfield which is very similar to 0.6% recorded for London.
CS-SSCB012 Serious Youth Violence	392	39	27	42	383	392	Serious Youth Violence Offences 2017/18: 392 Serious Youth Violence Offences 2018/19: 383 Overall SYV victims declined by 3.5% between 2017/18 and 2018/19. There is a pattern that tends towards seasonal variations peaking in Q1 (April to June) Q4 (Jan to Mar) and falling in Q2 and Q3 (July through to December). A Strategic Assessment was carried out and along with other subsequent analysis of SYV victim distribution, it was noted that the peaks tend to occur more when schools are in session, with more occurrences then, than in the summer months / Christmas holidays. Looking specifically at 2018/19 Q4: Jan recorded 39 victims Feb recorded 27 victims – this month includes school half term Mar recorded 42 victims
CS-SSCB013 Anti Social Behaviour Calls	9,086	640	638	609	8,887	9,086	* ASB calls increased for the first time in 2018-19 by 5.5% in Quarter 3 compared to the same time last year. This was the first increase of the year 2018/19, there was then a further increase of 1% when Quarter 4 is compared to 2017/18. Overall ASB reports decreased by 2.2% in Enfield by the end of 2018/19
CS-SSCB014 Hate Crime Overall Total	471	34	47	31	476	471	Hate crime offences increased for the first time in 2018-19 by 35.5% in Quarter 3 compared to the same time last year. While this may have been affected by the partnership promoting reporting of crimes during Hate Crime Week in October 2018, the numbers declined again in Quarter 4 by 3.4% when compared to the previous year. By the end of 2018/19 Hate Crime had increased by 1.7%, which was similar to London's 1.8% increase for the same period..
CS-SSCB015 Non Domestic Abuse Violence with Injury Offences	1,661	148	121	149	1,572	1,661	
CS-SSCB016 Violence against the Person Offences	7,798	732	699	728	8,686	7,798	By the end of 2018/19 Violence Against the Person offences (includes non violent injury offences such as Harassment) had increased by 11.3%. Quarter 4, had the most significant increase of the year when compared to the same time in 2017/18 with an increased of 16.7%.

Indicator
SGB500 Number of knife crime offences YTD
SGB501 Number of knife possession offences YTD
YOU NI 043.2 Number of Young People sentenced at Court that are given a Custodial sentence in the Month

2017/18
Value
22

Jan 2019	Feb 2019	Mar 2019
Value	Value	Value
55	47	53
11	17	17
1	4	2

2018/19	Annual Target 2018/19	Notes
Value		
603		
178		The rise in the number of Knife possession offences which started with the first increase in Quarter 3 of 25.6%, continued in Quarter 4, with an increase of 14 offences compared to the same time last year equating to a 45.2% increase. When the year 2018/19 is compared to 2017/18, there has been a 3.3% increase in the offence type in the borough.
28	36	There were 28 custodial sentences in 18/19 from 208 sentences

5. Communicate with You

(a) Customer Experience

Indicator	2017/18	Jan 2019	Feb 2019	Mar 2019	2018/19	Annual Target 2018/19	Notes
	Value	Value	Value	Value	Value		
CE 007 Customer Satisfaction: Webchat	84.9%	83.0%	80.0%	75.0%	80.8%	80.0%	Customer Service underwent a significant staffing restructure in Q4 and was operating on significantly reduced staffing level required. Recruitment took place in March and April, and 18 new customer services officers, including 4 apprentices, are due to start their roles in early June. Once their training is complete, we expect a significant improvement in these performance results. Whilst this new structure is in implementation, interim arrangements are now being made to increase staffing levels on a short-term basis to improve call response times during this transition period.
GWH 002 Gateway Telephones - Answer Rate	85.88%	81.9%	76.76%	71.9%	84.33%	88%	
GWH 003 Gateway Telephones - Average Wait Time	00h 02m 52s	00h 05m 29s	00h 07m 13s	00h 09m 09s	00h 04m 22s	00h 03m 00s	
GWH 014b Customer Services: % of Calls Answered Within 5 Minutes	87.94%	73.8%	71%	60%	82.63%	97%	

(b) Corporate Measures

(a) Complaints, MEQs, FOIs

Indicator	2017/18	Jan 2019	Feb 2019	Mar 2019	2018/19	Annual Target 2018/19	Notes
	Value	Value	Value	Value	Value		
COMP 01a All Departments - Complaints closed within 10 days	59.55%	N/A			58.68%	95%	Quarter 4: 45 of 81 (55.6%) inside target for all Departments Total for 2018/19: 213/363 (58.7%) total does not complaints recorded under statutory scheme for Children's Services and Adult Social Care All targets are monitored weekly with departments, and an escalation process was introduced to highlights to Senior Officers areas where action needs to be taken urgently. This has all resulted in a positive improvement in performance. Processes will continue to be reviewed as the new structure embeds to ensure the system work well. Work continues with Depts to encourage the use of Power BI Live Dashboard, which will help to highlight cases that are approaching deadlines. This will allow remedial action to be undertaken to support improvements in performance and bring back on target
FOI 01a All Departments - FOIs answered within 20 days	65.78%	N/A			72.73%	100%	Q4: 298 of 374 (79.7%) inside timescale for all Departments Total for 2018/19: 1080/1485 (72.7%)
MEQ 01a All Departments - MEQs closed within 8 days	74.3%	N/A			75.5%	95%	Quarter 4: 1,374 of 1,725 (79.65%) inside target for all Departments Total for 2018/19: 4,856/6,432 (75.5%)

(b) Sickness Absence

Indicator	2017/18	Jan 2019	Feb 2019	Mar 2019	2018/19	Annual Target 2018/19	Notes
	Value	Value	Value	Value	Value		
BV012a Average Sick Days - Council Staff (rolling 4 quarters)	8.91				9.07	7.96	Average 9.07 days absence in 12 months to 31/03/19. Short term absence averaging 3.13 days, long term absence averaging 5.94 days. A review of the sickness data is currently being undertaken by EMT
BV012b Average Sick Days: SHORT TERM ABSENCE - Council Staff (rolling 4 quarters)	3.30				3.13	2.80	
BV012c Average Sick Days: LONG TERM ABSENCE - Council Staff (rolling 4 quarters)	5.61				5.94	5.16	
HR0008a Average Sick Days per FTE - Chief Executive's	7.17	0.59	0.60	0.53	9.94	7.96	Performance for CEX is now doing well, end of year figure is impacted by the Housing Team that formed part of CEX in Q1 & Q2
HR0008bb Average Sick Days per FTE - Resources		0.78	0.68	0.78	7.51	7.96	
HR0008cc Average Sick Days per FTE - People		0.74	0.65	0.73	6.69	7.96	
HR0008dd Average Sick Days per FTE - Place		1.23	1.01	0.84	6.17	7.96	

(c) Payment of Council Invoices

Indicator	2017/18	Jan 2019	Feb 2019	Mar 2019	2018/19	Annual Target 2018/19	Notes
	Value	Value	Value	Value	Value		
INV004 Invoices Council Overall: Invoices Paid within 30 days		94.55%	95.61%	96.56%	95.22%	95%	2018/19: 70,602 paid within 30 days; Total Paid - 74,150 (95.2%)
INV004 CEX CEX Group: Invoices Paid within 30 days		96.43%	94.52%	96.2%	94.23%	95%	2018/19: 1912/2029 (94.2%)
INV004 PEOP People Group: Invoices Paid within 30 days		94.11%	95.46%	96.02%	95.22%	95%	2018/19: 48,312/ 50,739 (95.2%)
INV004 PLACE Place Group: Invoices Paid within 30 days		95.6%	94.8%	97.9%	93.7%	95%	2018/19: 9926/10,589 (93.7%)
INV004 RES Resources Group: Invoices Paid within 30 days		95.45%	97.46%	97.32%	96.84%	95%	2018/19: 10,452/ 10,793 (96.8%)

6. Work with You

Borough Information

Indicator	2017/18	Jan 2019	Feb 2019	Mar 2019	2018/19	Annual Target 2018/19	Notes
	Value	Value	Value	Value	Value		
PH003v NHS Indicator - A&E Attendance: % where less than 4 hours from arrival to admission, transfer or discharge	78.0%	N/A			86.0%		2018/19 Year 86% (156,726 attendances seen within 4 hours /182,311 attendances) Q4 2018/19 : 41,583/49,340 (84.3%)
RLCPI 0012 Employment rate in Enfield - working age Population	69.2%	N/A			69.6%	73.0%	69.9% is the latest figure available and covers the period to Jan 2018 - Dec 2018 for those aged 16-64. Employment rate for London - 74.3%. The unemployment rate for Enfield is 5.3% compared to 5.0% for London over the same period.

7. Work Smartly For You

[a] Corporate Services

Indicator	2017/18	Jan 2019	Feb 2019	Mar 2019	2018/19	Annual Target 2018/19	Notes
	Value	Value	Value	Value	Value		
FCRPP21 Internal Audit Programme - % of reviews completed to draft report stage	99%	N/A			100%	95%	100% of internal audit programme completed for 2018/19

[b] Council Tax and Business Rates

Indicator	2017/18	Jan 2019	Feb 2019	Mar 2019	2018/19	Annual Target 2018/19	Notes
	Value	Value	Value	Value	Value		
BV009 % of Council Tax collected (in year collection) Combined	96.00%	92.18%	92.47%	95.73%	95.73%	95.00%	
BV010 % of Business Rates (in year collection)	99.13%	91.56%	95.23%	99.03%	99.03%	98.9%	

[c] Benefits Processing & Support

Indicator	2017/18	Jan 2019	Feb 2019	Mar 2019	2018/19	Annual Target 2018/19	Notes
	Value	Value	Value	Value	Value		
BV079b(i) % of Housing Benefit Overpayments recovered.	81.24%	77.97%	76.44%	77.59%	77.59%	80.00%	2018/19: £7,357,839 recovered of £9,483,245 overpayments identified (77.6%).
FCRCP32 Processing New claims - Housing Benefit (average calendar days - cumulative)	22.66	22.23	21.69	21.43	21.43	23	3818 New Claims; 81,814 days Average 21.43
FCRCP33 Processing Times for Benefit Change in Circumstances (average number of calendar days) Cumulative YTD	3.84	6.81	5.55	5.19	5.19	7	01.04.18 - 31.03.19: 111,191 new Claims 576,850 days Average 5.19

MUNICIPAL YEAR 2019/2020 REPORT NO. 45**MEETING TITLE AND DATE:**

Cabinet - Wednesday 17th
July 2019

REPORT OF:

Executive Director of
Place

Agenda – Part: 1	Item: 10
Subject: Reduction and Recycling Plan	
Wards: All Key Decision No: KD 4887	
Cabinet Member consulted: Cllr Guney Dogan, Cabinet Member for Environment and Sustainability	

Contact officer and telephone number:

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1. EXECUTIVE SUMMARY

- 1.1. This report seeks approval for LB Enfield's Reduction and Recycling Plan (RRP) as set out in Appendix A.
- 1.2 In May 2018, the Mayor of London published the London Environment Strategy (LES). As part of the LES, the Mayor requires each London authority to produce a Reduction and Recycling Plan (RRP); the plan includes current and projected activities which will enable boroughs to achieve the objectives and targets around waste management as set out in the LES; alongside a carbon tracker which tracks the carbon impact of authorities' waste activities.
- 1.3 The plan identifies areas of current compliance, as well as future compliance in line with the targets set out in the LES. The majority of these were already identified as a result of the changes to Enfield's waste and recycling collection service planned for 2019/20.
- 1.4 The Greater London Authority (GLA) responded positively to our draft RRP, and there were no 'surprise' suggestions from them; No further feedback was received on the carbon tracker, the GLA has accepted the first formal draft.

2. RECOMMENDATIONS

It is recommended that Cabinet;

- 2.1 Approve Enfield's Reduction and Recycling Plan (RRP), attached as Appendix A. This plan sets out objectives, targets and policies for the effective management of Enfield's waste in line with the London Environment Strategy (LES).

3. BACKGROUND

3.1 Reduction and Recycling Plan

3.1.1 In May 2018, the Mayor of London published the London Environment Strategy (LES). As part of the LES, the Mayor requires each London authority to produce a Reduction and Recycling Plan (RRP); the plan includes current and projected activities to achieve the objectives and targets around waste management; alongside a carbon tracker which tracks the carbon impact of our waste activities.

3.1.2 The LES sets out objectives, targets and policies for the effective management of London's waste and to accelerate the transition to a circular economy.

3.1.3 The objectives set in the LES, are as follows:

- Significantly reduce waste, focusing on food waste and single use packaging
- Maximise recycling rates
- Reduce the environmental impact of waste activities
- Maximise local waste sites and ensure London has enough infrastructure to manage all the waste it produces

3.1.4. These objectives are translated into London-wide targets:

- To reduce 'avoidable' food waste by 50% by 2030
- To achieve a 65% municipal¹ waste recycling rate by 2030

¹ Municipal Waste is household waste or business waste that is similar in composition irrespective of who collects or disposes of it. This includes waste from shops, offices, charities, schools and government buildings.

- To achieve a 50% recycling rate for local authority collected waste² by 2025
- To send zero biodegradable or recycling waste to landfill by 2026
- London to manage net 100% of all the waste it produces by 2026

3.1.5 The RRP is a four-year plan, requiring review with the GLA in 2022 in line with the LES targets. This is a dynamic working document; therefore, annual review will take place internally.

3.2 The Proposal

- 3.2.1 Our Reduction and Recycling Plan (RRP), attached in Appendix A, details that the Authority is already meeting the Mayor's minimum service level for the collection of the six main dry recyclable materials (glass, paper, card, plastics, tins and cans).
- 3.2.2 Enfield is introducing separate weekly food waste services for kerbside properties by 2020 – which is part of the LES requirement.
- 3.2.3 We are aiming to achieve a recycling rate of 49% by 2022, to meet the 50% target by 2025.
- 3.2.4 Enfield plans to restrict residual waste reducing the amount of general waste produced by households and drive up recycling by adopting an alternate weekly collection service for kerbside properties in 2020.
- 3.2.5 Enfield plans to explore electric vehicle options for smaller fleet vehicles and larger vehicles as they become more widely available, trial alternative fuels in diesel vehicles and transition all waste fleet vehicles to Ultra Low Emission Zone (ULEZ) compliant vehicles by 2020.
- 3.2.6 There is ongoing work with the North London Waste Authority (NLWA) to engage with communities in waste reduction and reuse activities.
- 3.2.7 Enfield is working with Suez, who manage the civic amenity site, to expand the acceptance of hazardous waste items at the Barrowell Green Reuse and Recycling Centre.

² Local Authority Collected Waste refers to all waste in the possession or control of waste authorities. This includes waste collected from households and businesses.

3.2.8 Other areas of focus include improvements to increase recycling in flats and waste and recycling provision for new housing developments.

3.3 Timeline and Approvals

Action	Date
First Draft of RRP submitted to the GLA	10th April 2019
First Draft of Carbon Tracker submitted to the GLA	10th April 2019
Initial feedback from the GLA	26th April 2019
2nd Draft of RRP submitted to the GLA	1st May 2019
Further feedback from the GLA	9th May 2019
Final draft of RRP submitted to the GLA	16th May 2019
Final review by the GLA	31st May 2019
LBE Cabinet Decision	17th July 2019
Sign off by the Deputy Mayor of London	August 2019
LBE Annual Review	May 2020
LBE Annual Review	May 2021
RRP Review with the GLA	May 2022

4. ALTERNATIVE OPTIONS CONSIDERED

There are no alternative options, London boroughs are required to produce a Reduction and Recycling Plan (RRP) to set how each will contribute to the Mayor of London's Environment Strategy targets and demonstrate general conformity with his Strategy.

5. REASONS FOR RECOMMENDATIONS

The Reduction and Recycling Plan (RRP) has been written setting out the direction of travel that LB Enfield will take to contribute to the Mayor's of London's Environment Strategies priorities, targets and objectives.

6. COMMENTS FROM OTHER DEPARTMENTS

6.1 Financial Implications

Paragraph 3.2 details Enfield's plan to meet the LES, which sets out objectives, targets and policies for the effective management of Enfield's waste in line with the London Environment Strategy (LES). The financial implications of these proposals can't be

quantified now, but officers will be monitoring their effect during the regular budget monitoring cycle.

6.2 Legal Implications

6.2.1 The Mayor is required to prepare and publish a London Environment Strategy by the Greater London Authority Act 1999 ('GLA Act' as amended), under changes made by the Localism Act 2011

6.2.2 Arising out of the London Environment Strategy is an expectation from that Mayor that local authorities develop reduction and recycling plans by 2020, which should include local reduction and recycling targets that contribute to the Mayor's London-wide targets.

6.2.3 The recommendations set out within this report are within the Council's powers and duties.

6.3 Property Implications

No property implications.

7. KEY RISKS

Failure to produce a Reduction and Recycling Plan (RRP) may lead to the Mayor of London using his powers to direct a Waste Authority in London where he considers that it is necessary for the purposes of the implementation of the municipal waste elements of the Environment Strategy.

8. IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD

8.1 Good homes in well-connected neighbourhoods

This Reduction and Recycling Plan (RRP) will contribute to our Corporate Plan outcomes to create and sustain thriving, affordable neighbourhoods by ensuring services are maintained at a level that can meet evidenced need in the borough whilst contributing to the LES targets. The ability to maintain a high standard of waste and recycling collections to households and preserve the public realm will help to continue and enhance the position of LB Enfield as a place to invest and as a great place to live. The RRP references the reconfiguration of services which should assist with longer term transformational goals and strategic outcomes for the borough adding value to housing, regeneration and inward investment opportunities.

8.2 Sustain strong and healthy communities

The RRP can contribute positively to our strategic goals for making LB Enfield a healthier and greener place by providing services that can allow people to take greater responsibility for how they manage their waste and encourage recycling, composting and assist with meeting our ambitions for a clean green environment as stated in our Corporate Plan. The Plan also suggests a positive impact on public health, job creation and meet the obligation of the LES which strives for a more sustainable future.

8.3 Build our local economy to create a thriving place

The RRP will allow us to work ever more closely with our local business customers to help underpin a strong, ongoing response that can help deliver a strong and competitive local economy and vibrant town centres that benefit all residents. The RRP in line with the new waste and recycling service changes will influence our emerging town centre plans and help create context for our new Local Plan. The RRP should also help us approach the delivery of other aspects of environmental works with greater confidence as we know a fundamental tenet of how we manage the environment has been secured. This should benefit our ambitions as expressed in our Corporate Plan and our ambition to preserve heritage, maintain the quality of our parks and green space and contribute to the delivery of an Enfield that is a place to enjoy from childhood to old age.

9. EQUALITIES IMPACT IMPLICATIONS

Corporate advice has been sought regarding equalities and an agreement has been reached that an equalities impact assessment is neither relevant nor proportionate for the approval of this report. However, it should be noted that projects or work stream deriving from this may be subject to a separate Equalities Impact Assessment. Therefore, any projects or work stream will be assessed independently on its need to undertake an EQIA to ensure that the council meets the Public Sector Duty of the Equality Act 2010.

10. PERFORMANCE AND DATA IMPLICATIONS

Internal monitoring will continue and will allow the council to understand its progress towards reaching the milestones that are in the Reduction and Recycling Plan (RRP). This tracking will then allow the department to identify where there are challenges and where remedial action is needed to bring performance back in line with targets.

11. PUBLIC HEALTH IMPLICATIONS

The overall Reduction and Recycling Plan (RRP) and its individual elements will have positive impact on public health if implemented safely and effectively. One sustainable benefit would be a reduction in pollution.

Local management of waste can create jobs locally which could be a positive wider determinant of health. Reducing avoidable food waste will have health benefits directly from a more equitable distribution of food and indirectly from a potential reduction in portion size and increased consumption of fresh vegetables to avoid food waste. There could also be increased supply of household compost and organic animal food. However, it is vital to educate the residents how to reduce food waste without choosing unhealthy alternatives that make smaller size of waste such as take-away meals and long-lasting manufactured food.

Background Papers

None

Appendix A – Reduction and Recycling Plan (RRP)

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The London Borough of Enfield is committed to achieving the Mayor's minimum level of service through a phased service change of kerbside properties in 2019/20. The service change includes the introduction of separate food recycling collections to all kerbside properties in Autumn 2019, followed by alternate weekly residual waste and recycling collections in Spring 2020. The introduction of separate food recycling collections, accompanied by restricting residual waste collections will divert food waste for recycling. The six main dry recycling materials are already collected within Enfield. Waste minimisation, education and behaviour change programmes, alongside the NLWA, will strengthen the success of these changes, providing residents with the tools to make informed choices about their waste. Enfield is committed to achieving 49.55% recycling by 2020/21.

DASHBOARD

London Borough of Enfield

Baseline (2017/18) performance against common reporting metrics

Metric	Performance (2017/18)	
Total annual household waste per head (kgs/head)	351.2 kg/head	
Total annual household residual waste collected per household (kgs/household)	605.31 kg/household	
Total annual household avoidable (edible) food waste (kgs/head)	72.63 kg/head	
Annual household waste recycling rate (% by weight)	35.90%	
Annual LACW recycling rate (% by weight)	32.20%	
Proportion (%) of properties receiving the Mayor's minimum level of service for household recycling:		
% of kerbside properties (all households on a kerbside collection) collecting six main dry materials and separate food waste	0%	
% of flats (communal collections and flats within commercial buildings) collecting six main dry materials	78.00%	
% of flats (communal collections and flats within commercial buildings) collecting six main dry materials and separate food waste	1%	
Proportion (%) of waste fleet heavy vehicles that are ULEZ compliant (Euro VI diesel)	90%	
Performance of LACW activities against the Mayor's EPS (tonnes of CO2eq per tonne of waste managed). Use tool found here:	0.04	
Waste policy London City Hall		
Set Common Performance Targets	Target years	
	2022	2025
Total annual household waste per head (kgs/head)	322 kg/head	322 kg/head
Total annual household residual waste collected per household (kgs/household)	412 kg/household	412 kg/household
Total annual household avoidable (edible) food waste (kgs/head)	69.03kg/head	69.03kg/head
	2022	2025
Annual household waste recycling rate (% by weight)	49.55%	49.55%
Annual LACW recycling rate (% by weight)	44.03%	44.03%
Proportion (%) of properties receiving the Mayor's minimum level of service for household recycling (by 2020):	2020	
% of kerbside properties (all households on a kerbside collection) collecting six main dry materials and separate food waste	100%	
% of flats (communal collections and flats within commercial buildings) collecting six main dry materials	78%	
% of flats (communal collections and flats within commercial buildings) collecting six main dry materials and separate food waste	unknown	
	2020	2025
Proportion (%) of waste fleet heavy vehicles that are ULEZ compliant (Euro VI diesel)	100%	100%
Performance of LACW activities against the Mayor's EPS (tonnes of CO2eq per tonne of waste managed). Use tool found here:	0.037	0.018
Waste policy London City Hall		

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London Environment Strategy Objective Reference	Key action – local policy or waste contract commitment	Key actions – core service provision	Key actions – behaviour change activities	Expected impact towards achieving local targets	Key milestones (including progress updates)
7.1 Drive resource efficiency to cut waste					
	The North London Waste Authority Waste Prevention Plan	The North London Waste Authority waste prevention plan is approved on a rolling 2-yearly basis and the current plan runs from April 2018 to March 2020. A summary of this can be found at http://nlwa.gov.uk/media/2534/2565163-prevention-summary-2018_final_web.pdf . The NLWA Waste Minimisation Team coordinate closely with relevant activities in the Authority's constituent Borough's and quarterly meetings are held more widely with local government in London and more widely with Resource London and the GLA. As the plan is approved alongside the Authority's annual budget the resources allocated to the plan is confirmed in the first year and then must be approved as part of the wider budget setting process in year 2. With regards to the current 2018-2020 plan, the budget agreed for 18/19 was £480k and £500k in 2020.	The priority waste streams in the current plan are: Food - includes extensive outreach activity, Waste Less, Lunch Free events, themed food waste events and broad promotion of food waste messages. Bulky waste (furniture and WEEE) - activities include community exchange events, the London Upcycling show, repair cafes and work with existing exchange networks and the third sector. Textiles (clothing and non-clothing) - including reuse and repair events, working with local textile re-use organisations where appropriate, and the promotion of the Authority's textile pack. In terms of engagement with the relevant Mayoral and Resource London programmes the current position is as follows: Mayor's project to reduce single use bottles; Recycle for London; Love Food Hate Waste; Love Your Clothes; Trifocal.	It was estimated that through the two-year waste prevention programme, approximately 10,000 (20,000 for 2018-20) tonnes of waste per year will be diverted from disposal, representing 1.2% of 2016/17's waste arisings. For Enfield this equates to an estimated 1400 tonnes diversion. The evaluation regime is consistent with that outlined in 'Pre-waste', an EU-funded project designed to improve the effectiveness of waste prevention policies in EU territories.	The current waste prevention plan runs until 2020; this will be replaced with a new plan to continue waste reduction activities until 2022.
	Plans to adopt a new collection service 2019/20	New alternate weekly kerbside collection service for residual waste and recycling. Residual waste will be restricted to a 140litre bin collected every two weeks.	Waste minimisation communications and waste education will be paramount to the success of this service implementation. A full communications plan and activity schedule will be drafted and implemented. A budget of £120k has been agreed for 2019/20 followed by a subsequent £100k budget in 2020/21. Love Food Hate Waste campaigns will continue, with joint working with Resource London, carrying out food waste demonstrations and events within Enfield. Partnership with real nappies for London will be established to assist in the promotion of reusable nappies.	It is expected that residual household waste will reduce by 31.9% by 2022	Waste minimisation messaging will continue from Spring 2019, continuing throughout the year. The alternate weekly collection change is planned for Spring 2020. It is expected that waste minimisation will continue through 2020/21.
	RRC Contract - Revive Reuse Shop	To fully establish the potential of the Revive Reuse Shop located that the Barrowell Green RRC. Sales increased by 120% in 2018/19 due to investment into promotion and communication.	Targeted promotion and communication proved fruitful and it is hoped that continued support from the commercialisation team within Enfield will allow the shop to reach it's potential. Space limitations within the site need to be considered. Online selling will allow increased turn over and ultimate diversion.	Diversion via the Revive reuse shop will contribute to increasing our recycling rate; the exact impact has not been modelled.	April 2019 marks a new financial year, whereby a full fiscal year of the shop can be measured with the true impact being seen in 2020/21. Online selling is the next phase of this project; expected go live Summer 2019.

	Home composting	<p>Enfield works with Straight Plc, and Get Composting to offer discounts to residents that wish to take up composting at home.</p> <p>Work towards community composting is continuing with composters and advice being given to community groups, such as the Alevi Foundation, Halsbury. In addition, Christmas tree recycling points are provided over the festive season within open spaces and parks; this material is composted.</p>	<p>Information on composting at home is available on our website, and via the NLWA, wise up to waste web pages; plus can be delivered in person. Further to the existing support, in line with our chargeable garden waste service due to begin in November 2019; home compost bins will be provided to eligible residents free of charge; along with the promotion of alternatives to the kerbside collection.</p>	<p>These activities will contribute towards increasing our recycling rate; the exact impact has not been modelled.</p>	<p>Continued promotion, with additional resource focusing on home composting and alternatives from Summer 2019.</p>
	Circular Economy	<p>Circular economy practices are gradually increasing within Enfield. Our Revive Reuse Shop, aims to increase reuse; in addition to our work with the NLWA around single use plastics. Enfield have also adopted a responsible procurement strategy.</p>	<p>An exercise with businesses in Southgate to focus on single use plastics is planned, this could be adopted borough wide if successful. The exercise involves approaching local businesses and requesting that they sign a charter of commitment to reduce the single use plastic they produce, with the aim of creating single use plastic free areas/zones. Communication materials and support will be given; this initiative is in conjunction with the NLWA. Circular economy thinking has been adopted for future procurement and purchasing.</p>	<p>These activities will contribute towards increasing our recycling rate; the exact impact has not been modelled.</p>	<p>Single use plastics exercise to be carried out in Summer 2019.</p>

London Environment Strategy Objective Reference	Key action – local policy or waste contract commitment	Key actions – core service provision	Key actions – behaviour change activities	Expected impact towards achieving local targets	Key milestones (including progress updates)
7.2 – Maximise recycling rates	Plans to adopt a new collection service 2019/20	Kerbside services: Enfield's new waste and recycling collection service will provide the minimum level of service to all properties, including separate food waste collections to kerbside properties. The six main dry recyclable items are already captured through the existing service. The introduction of alternate weekly residual waste and recycling aims to maximise recyclable materials collected at the kerbside and increase the recycling rate.	As part of the service change, a full communications campaign to educate and inform will be actioned; along side business as usual recycling information to ensure that recycle quality is maximised and participation in the scheme is high.	To achieve 49.55% recycling by 2020/21.	Begin service change communications and education Summer 2019. The introduction of separate food waste collections to 90,000 kerbside properties from November 2019. Followed by alternate weekly collections for residual waste and recycling in Spring 2020.
	Additional recycling capacity at the kerbside	In line with the above service change, all kerbside properties will be offered a larger 240 litre recycling bin; along with council issued clear plastic recycling sacks; flattened cardboard can also be placed next to the recycling bin to allow for additional capacity.	This element of the new service will be widely communicated in line with waste minimisation messaging - resident's will be actively encouraged to recycle as much as possible, as easily as possible.	To achieve 49.55% recycling by 2020/21.	Alternate weekly collections for residual waste and recycling will be introduced in Spring 2020; 240 litre bins will be issued along side the plastic recycling sacks as part of this service implementation.
	Diverting Bulky waste from EfW	An amount of bulky type residual waste received at the Bulky Waste Recycling Facility at the Edmonton Eco Park is processed in a 'dirty MRF' facility to remove mixed paper and card, mixed plastics, other materials, scrap metal, rubble and wood from residual waste for recycling prior to the incineration of the remaining residual waste.	As a constituent borough of the North London Waste Authority, communications surrounding diverting readily recyclable items from EfW will continue.	These activities will contribute towards increasing our recycling rate; the exact impact has not been modelled.	To continue to monitor the performance of NLWA and London Energy from 2019.
	The collection of bulky waste	Enfield currently offers a paid for bulky waste service for bulky furniture and electrical waste.	A free collection service for electrical items via Clearabee and a free service for furniture via the British Heart Foundation is advertised on our website. In addition to this the Revive Reuse Shop at Barrowell Green RRC is actively diverting bulky waste items for reuse.	Continued promotion of these services aims to contribute towards increasing our recycling rate; alongside investigation into further diversion via reuse. The exact impact has not been modelled.	Bulky waste services to be communicated and maximised in line with the planned service change in Spring 2020.
	Barrowell Green RRC	This site is operated by Suez, and together planning will commence with regards to expanding the acceptance of some hazardous waste items, such as gas bottles, fire extinguishers and paint. Recycling performance is currently around 63%-65%; further planning will take place to investigate maximising the recycling potential at this site.	Communications will be scheduled via social media and e-newsletters to advise users of the recycling centre to separate their waste for recycling, and ensure awareness of the items that can be recycled.	To achieve a consistent 65% minimum recycling rate at the site for 2019/20.	Quarterly reviews from April 2019 of recycling trends and performance; comparison with previous years.
	Contamination	To target contamination within the dry recycling stream for kerbside and flatted properties. Our current MRF contractor is Biffa, Edmonton. Process contamination rates range from 9-11% on average.	Alongside service change communications, communications on correct recycling will be published. Targeted communications in problematic areas such as flatted properties are planned; working with Enfield Homes, and local managing agents.	To consistently achieve process contamination rates of 9-11%.	Contract meetings are planned in April 2019, followed by initial contamination messaging in Summer 2019; targeted messaging will follow.

	Flatted properties	Within Enfield 12% of properties do not receive collections of the six main dry recyclable materials. These properties are predominantly composite hereditaments (flats above shops); these properties provide challenges with regards to collections and access, as well as recycling participation. A number of these properties receive blue sacks, on a opt in arrangement. This opt in arrangement allows quality to be managed, as well as successful collections, and restricts the potential environmental nuisances that can present themselves in these situation such as fly tipping.	Enfield will be creating a waste strategy for flatted properties; this strategy will aim to address the challenges that waste and recycling in flatted properties pose, along with actions planned to expand and improve recycling in flats. This will include food recycling in flats. All future improvements will adopt the good practices and recommendations from the Resource London and Peabody flats recycling project.	These activities will contribute towards increasing our recycling rate; the exact impact has not been modelled.	The waste and recycling strategy for flats to be drafted in 2020/21
	Waste provision for new developments	Enfield currently comments on planning applications with regards to waste and recycling provision. In addition to this guidance for architects and developers was reviewed and updated in April 2019. This details minimum standards for waste and recycling provision and will be expanded to include food recycling in Autumn 2019.	For larger developments, such as the Meridian Water Project, which plans to develop over 10,000 properties near Edmonton; innovative waste solutions are being investigated. This will include both commercial and household waste.	To ensure that all new developments have adequate waste provision and to ensure long term sustainability.	Continued commentary and future involvement in the Meridian Water site, 2019/20. This document will be reviewed in late 2019/early 2020 following the final report of the Resource London flats project; any key findings can then be reflected in our guidance.
	Other Recycling	Enfield currently accepts beverage cartons for collection at the kerbside; further investigation into providing community battery and small electrical collections is ongoing; as well as a review of our kerbside textiles collection via Traid.	Dependant on the outcome of our investigations, further promotion will take place in line with our new service changes to create a comprehensive recycling guide for residents.	These activities will contribute towards increasing our recycling rate; the exact impact has not been modelled.	Investigations to begin in 2019, followed by communications in 2020.
	Non-household recycling collections	Enfield currently operates a commercial waste and recycling service. This includes collecting paper and cardboard from schools.	In the current climate, finding a competitive off taker for recycling is difficult. Many local companies are unwilling to take our recyclable material at a reasonable price, as this would undermine their own commercial collection services. However work will take place during 2019/20 to explore viable options; plus introduce food waste collections for schools.	These activities will contribute towards increasing our LACW recycling rate; the exact impact has not been modelled.	Work will take place to find a viable off taker for our commercial recyclable material in 2019/20; if successful, work will take place to increase our customer base for commercial recycling collections. Following the introduction of food waste to all kerbside properties, expanding to schools will follow in 2020/21.

London Environment Strategy Objective Reference	Key action – local policy or waste contract commitment	Key actions – core service provision	Key actions – behaviour change activities	Expected impact towards achieving local targets	Key milestones (including progress updates)
7.3 – Reducing environmental impact	Plan to continue to procure and operate Euro VI vehicles throughout the waste and recycling operation; and Enfield Council fleet.	90% of the waste and recycling fleet are ULEZ compliant. All new vehicles procured will be ULEZ compliant. 96% of total fleet is ULEZ compliant.	Enfield will continue to strive towards 100% ULEZ compliant fleet; a central fleet department for the entire authority allows for streamlined fleet and purchasing.	Total fleet compliance by 2020.	New food recycling vehicles procured and in operation by December 2019; replacement fleet vehicles to be procured late 2019, to achieve full compliance by 2020.
	Future van replacement	Exploring electric vehicle options for smaller fleet vehicles.	Promotion and communication of these new vehicles to the wider community and internal departments.	Trial of electric vans during 2019/20	The trialling of zero emission/electric vans Spring 2019.
	Trial of alternative fuels in diesel vehicles	<p>Enfield will trial the use of Shell GTL fuel. Shell GTL Fuel is an alternative fuel for use in diesel engines, which can lower local emissions (e.g. particulate matter, NOX, hydrocarbons and carbon monoxide).</p> <p>Shell GTL Fuel is virtually free of aromatics, poly-cyclic aromatics, olefins, sulphur, nitrogen and metals.</p> <p>The fuel is colourless and almost odourless and has a higher cetane number than conventional diesel.</p> <p>Shell GTL Fuel predominantly contains straight chain normal paraffins and branched iso-paraffins.</p> <p>Shell GTL Fuel meets all the specifications in the ASTM D975 diesel standard and all requirements of EN 590 diesel except density.</p>	Promotion and communication of the use of this new fuel to the wider community and knowledge share with other Local Authorities.	The overall change to this fuel will lower local NOX emissions by 15-20%.	The trial of this fuel to commence Summer 2019.

	NLWA commitment	<p>The vehicle fleet of the NLWA's current main waste transfer, treatment and disposal contractor, London Energy Ltd (LEL), and those of LEL's subcontractors are currently transitioning to ULEZ compliance. The use of ULEZ compliant vehicles is a condition of the NLWA's proposed new commingled dry recycling processing contracts which are to begin in December 2019. It is a requirement of the main waste contract with LEL to use Euro IV vehicles as a minimum. However, LEL have initiated a vehicle replacement programme to ensure vehicles have Euro VI engines in order to comply with the ULEZ. In addition to this LEL are now using electric vehicles for members of staff and have vehicle charging points at Edmonton using energy generated from the Energy from Waste (EfW) plant. The main waste contract ends in 2025 and any further stipulations on contractors to use alternative fuel will be considered as part of the new agreement or subsequent variations. In terms of minimising road vehicle movements within London the waste reception points available to the NLWA Boroughs reflect a good geographical spread within the NLWA area. Most of the residual waste hauled by road within the NLWA area is subject to thermal treatment at Edmonton Eco Park.</p>	Procurement activities will include the necessity of ULEZ compliance and alternative fuels.	LEL vehicle replacement programme has now commenced.	Full compliance will be achieved in 2020
	EPS ready reckoner - Carbon Impact	<p>The EPS ready reckoner highlighted a number of areas that are in need for improvement to make steps towards reducing our overall carbon impact with regards to waste and recycling collections. This includes a low yield of aluminium and textiles and a below average yield of steel and plastics, both of these were addressed in line with our new service changes. Commercial waste recycling is considered low, this again is being addressed.</p>	Modelling highlighted that our planned service changes decreased our tCOeq. per tonne of waste managed by 15.9%.	The model shows a positive direction of travel with regards to our carbon impact.	Service changes are planned from 2019/20

London Environment Strategy Objective Reference	Key action – local policy or waste contract commitment	Key actions – core service provision	Key actions – behaviour change activities	Expected impact towards achieving local targets	Key milestones (including progress updates)
7.4 Maximising local waste sites	To maximise the local waste sites within Enfield. Plus the contribution to the updated responsible procurement guidance document (2020 - 2023)	Enfield as part of the North London Waste Authority, deliver all residual waste to London Energy situated within the Borough. Our recyclables contractor, Biffa, again is situated within the borough. This contract is in place until 2023. Any future procurements will be undertaken in line with Enfield's responsible procurement guidelines (2020-2023) which aims to meet the Council's guiding principals, as detailed in the corporate plan; These guidelines reference building on the local economy.	Responsible procurement activities to be embedded corporately from 2020.	Contracts are currently procured in line with the principals of responsible procurement; along with adhering to the proximity principal.	On the expiration of contracts in 2020 (2023) the principals of responsible procurement will apply.
	Barrowell Green RRC	Barrowell Green RRC is the only RRC within Enfield. Improvements are planned for the site including pedestrianization. This site is operated by Suez, and together planning will commence with regards to expanding the acceptance of some hazardous waste items, such as gas bottles, fire extinguishers and paint. The City of London hazardous waste collection arrangement is already in place for Enfield resident's to use. This allows collection of hazardous items from the kerbside. Waste electrical and electronic equipment, automotive and non-automotive batteries, cooking oil and mineral oil are already accepted on site.	Continued communication of what is accepted at Barrowell Green RRC, along with updating website pages to ensure all relevant information is available to users.	Enfield will continue to operate Barrowell Green RRC in line with the current contract; and look to maximise usage and materials accepted within this.	On the expiration of the Suez contract in 2022, any new contract will focus on maximisation of the site; within the confines of the local infrastructure.
	NLWA commitment	Prior to 2012 the NLWA Boroughs operated the network of RRC's themselves to meet their obligations under Part 1 of the Refuse Disposal (Amenity) Act 1978. Upon repeal of this provision 5 of the Boroughs with RRC's transferred the operation of those sites to the NLWA on a leasehold basis with the Barrowell Green RRC being retained by Enfield and operated under contract by that Borough. There is no RRC in Hackney. All residents, including those from outside of the NLWA area, are free to use any of the 8 RRC's in the NLWA area which accept a wide range of materials. There are restrictions in place for access to sites by vans and on the quantities of soil and rubble that can be deposited. A further covered RRC will be developed by the NLWA as part of the wider redevelopment of the Edmonton Eco Park site.	Continued communication regarding the planning redevelopment of the Edmonton Eco Park site.	The Edmonton Eco Park site development aims to provide waste infrastructure for the NLWA, along with commercial customers. The project aims to maximise the site, including the new RRC for Enfield.	Approximate construction timetable: 2018 - procurement of contractors begins; 2019 - prepare the southern section of the site; 2020/21 - resource recovery facility and Eco Park House construction; 2022 - prepare the Northern section of the site; 2023/24 - Construction of the Energy Recovery Facility; 2025 - Energy recovery Facility commissioned; 2026/27 - Existing plant decommissioned and demolished; 2028 - final site works
	NLWA commitment	The seven North London Boroughs of Barnet, Camden, Enfield, Hackney, Haringey, Islington and Waltham Forest are working together to produce the North London Waste Plan (the 'NLWP') .	Communication between the NLWA boroughs.	The NLWP will ensure adequate provision of land for waste use in the area up to 2035 and provide policies against which waste planning applications will be assessed.	The proposed submission NLWP is currently being consulted upon until 12 April 2019 with adoption scheduled for Autumn 2020. The NLWP pools the apportionment targets set out in London Plan Policy S18

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MUNICIPAL YEAR 2019/2020 REPORT NO. **46**

MEETING TITLE AND DATE:Cabinet: 17th July 2019**REPORT OF:**

Executive Director – Place

Contact officer and telephone number:

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E mail: barry.skelton@enfield.gov.uk

Agenda – Part: 1

Item: 11

Subject:**2019/20 Corporate Capital Condition Programme (CCCP)****Wards: All****Key Decision No: KD 4853****Cabinet Members Consulted:****Cllr Caliskan / Cllr Maguire****1. EXECUTIVE SUMMARY**

- 1.1 The Council's Strategic Asset Management Plan (SAMP) describes our approach to the management of Council's property assets, including a set of core principles. Those principles include achieving 100% compliance, and managing our portfolio reduce expenditure and increase income.
- 1.2 The Corporate Capital Condition Programme (CCCP) expenditure funds capital condition works to the corporate property portfolio. The CCCP does not cover schools, or housing maintenance, which are subject to different funding streams. The CCCP was formerly known as the Building Improvement Programme (BIP), which has been a regular programme for many years.
- 1.3 The Corporate Capital Condition Programme (CCCP) for 2019/20 comprises works which the Council is contractually liable for, as well as works to address health and safety risks. The programme been prioritised based on condition survey information, reflecting the Strategic Asset Management Plan (SAMP).

2. RECOMMENDATIONS

- 2.1 That Cabinet approves £1.5m allocation to 2019/20 Corporate Capital Condition Programme (CCCP), as previously reported in the Capital Strategy 2019/20 and 4 Year Capital Programme 2019/20 to 2022/23 as a project subject to approval.
- 2.2 To delegate authority to the Cabinet Member for Finance and Procurement to approve variations within the Corporate Capital Condition Programme (CCCP) allocation for 2019/20.

3. BACKGROUND

- 3.1 The Council published in July 2019 a five-year Strategic Asset Management Plan (SAMP), which describes our approach to managing the Council's property assets. As part of this, a core principle is to achieve 100% compliance, alongside other principles to increase income and reduce expenditure.
- 3.2 To support the Strategic Asset Management Plan (SAMP), regular capital investment is needed to remediate health and safety matters, repair problems and replace components which have reached the end of their life. This responsibility is addressed via the budget allocation in the Corporate Capital Condition Programme (CCCP).
- 3.3 This report sets out the Corporate Capital Condition Programme (CCCP) for 2019/20 and seeks approval for the annual budget allocation. The programme is carefully tracked to ensure the available budget is not exceeded.
- 3.4 Use of the annual allocation is prioritised based on condition survey information and other asset information. Officers have considered the Council's contractual obligations and health and safety risks, and taken a prioritised, risk-based approach to establishing the Corporate Capital Condition Programme (CCCP) for 2019/20.
- 3.5 This programme was formerly known as the Building Improvement Programme (BIP). The proposed budget is like previous years, holding steady at £1.5m.

4. REASONS FOR RECOMMENDATIONS

- 4.1 Capital investment in condition requires careful attention to buildings, their structure, engineering services and hard landscaped surroundings necessary to retain them, or help restore them, to an acceptable condition. These measures are required to enable their continued function, preserve value, integrity, and to meet the continued expectations of the occupier.
- 4.2 All of the works will be procured in line with the Council's constitution in order to deliver value for money.
- 4.3 The types of projects undertaken under the CCCP address health & safety risks, secure the longer-term condition of buildings, enhance their capital value and reduce the need for repeated reactive repairs.
- 4.4 Refer to Appendix A of the Part 2 Report for the indicative projects for 2019/20.

5. COMMENTS OF OTHER DEPARTMENTS

5.1 Financial Implications

5.2 The £1.5m programme will comprise £1.275m on capital works and £0.225m professional and technical costs.

5.3 This scheme was identified in Table B of Appendix 2 of the Capital Programme approved by Council in February as a 'Project in the Approvals Cycle' requiring further approval. The capital financing costs of all Projects in the Approval Cycle as well as those in the formally approved Capital Programme were built into the Council's Medium Term Financial Plan

5.4 Legal Implications

5.4.1 The Council, as a corporate landlord has numerous duties under common law and under statute (including Health and Safety at Work etc. Act 1974, Health and Safety Offences Act 2008, and Corporate Manslaughter and Homicide Act 2007, Occupiers liability Acts 1957 and 1984) with regards the premises that it owns and/or controls. These duties extend to all people on premises controlled by the Council whether or not they have lawful authority to be on those premises. A well planned, executed and funded maintenance programme will assist the Council to demonstrate that it takes seriously its obligations as an organisation in control of premises and may assist it to defend any action taken as a result of any incident occurring on premises within its control. Section 120 of the Local Government Act 1972 permits the Council to acquire property for the purposes of performing its functions and s111 of the Local Government Act 1972 permits the Council to do anything that is incidental to a statutory function. The funding of a repair and maintenance programme would be within its powers.

5.4.2 The Council must ensure that any contracts for the repairs and maintenance are procured in accordance with the Council's Contract Procedure Rules and are in a form approved by Assistant Director of Legal Services.

5.5 Property Implications

5.5.1 Regular and effective capital condition works are essential in ensuring the medium to long term health of a building. The programme been prioritised based on condition survey information, reflecting the Strategic Asset Management Plan (SAMP).

5.5.2 Failure to undertake appropriate capital condition works can lead to loss of property value, a building becoming unfit for purpose, and ultimate closure on suitability or health and safety grounds.

- 5.5.3 Effective capital condition works has the potential to reduce the level of carbon emissions produced by buildings. Energy efficiency gains will generally be realised for example, by renewing a boiler or a roof covering.
- 5.5.4 The CCCP must reflect the Strategic Asset Management Plan (SAMP) in terms of corporate proposals for the future redevelopment, adaption or disposal of the properties in the portfolio.

6. KEY RISKS

- 6.1 The Corporate Capital Condition Programme helps prevent major buildings failure and reduce total maintenance costs over time;
- 6.2 As detailed under "Legal Implications", should relevant statutory functions not be complied with, there is an increased possibility of legal action with associated financial penalties;
- 6.3 Under investment in capital condition works would not reduce the level of carbon emissions produced by buildings.
- 6.4 We would advise that regular review of the risk and issues assessment is planned by service, to track any developing issues or risks.

7. IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD

- 7.1 **Good Homes in Well Connected Neighbourhoods** – The Corporate Capital Condition Programme (CCCP) will invest in operational buildings based on prioritised condition criteria, unless there is a good economic, compliance or environmental argument to incorporate lower priorities. The aim is to prevent building failure and to ensure services to the public are not interrupted.
- 7.2 **Sustain Strong and Healthy Communities** - The proposed programme contains several environmental improvements, particularly in relation to the replacement of inefficient building services plant.
- 7.3 **Build our Local Community to Create a Thriving Place** – Capital investment to address poor condition reduces the risk that buildings fall into disrepair and improves the environment for staff and visitors.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 Corporate advice has been sought in regard to equalities and an agreement has been reached that for approval of the Corporate Capital Condition Programme (CCCP), an equalities impact assessment is neither relevant nor proportionate. However it should be noted that the

Council has a duty under the Equality Act 2010 to pay due regard to the needs of the protected characteristic groups. This includes ensuring that all public service provision is widely accessible to all users

9. PERFORMANCE AND DATA IMPLICATIONS

- 9.1 Regular monitoring of the programme and individual contracts will ensure value for money is obtained and support effective delivery.

10. HEALTH AND SAFETY IMPLICATIONS

- 10.1 The proper planning and timely maintenance and repair of Council buildings and associated assets, is fundamental in reducing risks to occupiers and members of the public.

11. PUBLIC HEALTH IMPLICATIONS

- 11.1 Capital investment to address poor condition reduces the risk that buildings improves the environment for staff and visitors.

12. ALTERNATIVE OPTIONS CONSIDERED

- 12.1 Do nothing – Not sustainable given the current estimated total backlog for capital condition works on corporate properties is £18m.

Background Papers

None

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MUNICIPAL YEAR 2019/2020 REPORT NO. 47

MEETING TITLE AND DATE:Cabinet – 17th July 2019**REPORT OF:**Executive Director of
People

Contact officer and telephone number:

Glenn Stewart, Assistant
Director of Public Health
0208379 5328 E mail:
Glenn.Stewart@enfield.gov.uk**Agenda – Part: 1****Item: 12****Subject:** Future Commissioning of 0–19
Services**Wards:** All**Key Decision No:** KD4721**Cabinet Member consulted:** Cllr Mahtab
Uddin**1. EXECUTIVE SUMMARY**

- 1.1 This report seeks agreement to explore a potential partnership agreement between Enfield Council and North Middlesex University Hospital NHS Trust (NNUH), in accordance with Section 75 of the National Health Service Act (2006). This agreement is designed to facilitate the delivery of the Enfield 0-19 Service consisting of Health Visiting and School Nursing.
- 1.2 Enfield's 0-19 Service is currently provided by Barnet Enfield Haringey Mental Health Trust (BEH MHT) under an arrangement which expired on the 31st March 2019 and continues until alternative arrangements have been agreed.
- 1.3 Over the last 12 months Enfield Council and BEH MHT have been in discussions around future delivery of the 0-19 Health Visiting and School Nursing Service following the end of the current arrangement. Unfortunately, BEH MHT and Enfield Council have been unable to find a mutually agreeable conclusion to these discussions which has left Enfield Council with no option other than to seek an alternative provider.
- 1.4 BEH MHT have agreed to continue to deliver the Health Visiting and School Nursing Service on an interim bases until an alternative provider is secured.
- 1.5 A potential Section 75 Agreement between Enfield Council and NNUH can support partnership working allowing service redesign and modernisation to improve our local health offer, deliver value for money and improve performance and quality.
- 1.6 The development of this Section 75 Agreement will improve health and well-being outcomes for children, young people and their families. It will support wider delivery and integration of health care services, early years provision and community services to children, young people and their families.
- 1.7 See Part 2.

2. RECOMMENDATIONS

- 2.1 Cabinet is asked to approve:
- 2.2 The proposal to explore and ultimately enter into a Section 75 Partnership Agreement between Enfield Council and a suitable partner, as detailed in Part 2, for the delivery of the 0-19 Service (Health Visiting and School Nursing). And:
- 2.3 Delegation of authority to the Director of Health and Adult Social Care, in consultation with the Director of Law and Governance, to finalise and agree the Section 75 Partnership Agreement and to make any variations during the term of the Agreement.

3. BACKGROUND

- 3.1 Responsibility for the delivery of the 0-5 Healthy Child programme (HCP) transferred from the NHS to Local Authorities in October 2015 following the 5-19 HCP in 2013. As part of this transition the existing commissioning arrangements were continued to minimise disruption to service delivery and ensure a quality service was maintained to families across Enfield.
- 3.2 The 0-19 Service is a universal health service available to all children and young people aged 0-19 which consists of mandated functions and locally agreed deliverables to improve the health and well-being of all children and young people.
- 3.3 In Enfield the 0-19 Service is currently delivered by one provider who were responsible for service delivery at the point of transfer in October 2015. This arrangement was formalised until the end of March 2019, thus providing an opportunity to review and reshape services to meet key local outcomes and population needs and increase value for money.
- 3.4 There are 91,444 children aged 0-19 living in the borough of which 66,367 are of school age. As a universal offer the Enfield 0-19 Service is available to all these children and young people, and their families.
- 3.5 The Healthy Child Programme 0-19 is a population based public health programme starting before conception and continuing through early years and school life of children and young people to the age 19. The service offered is progressive and tailored to the family's level of need. This continuity of care and progressive approach offers families a high

quality service that supports children in living happy and healthy lives and go on to achieve positive outcomes.

- 3.6 The universal core offer is the delivery of five contacts between 28 weeks of conception to the age of 5. In addition to this there is the dissemination of health promotion and prevention messages to support families in making positive informed decisions about their health. Targeted provision of care allows for more support to families with greater or more complex needs.
- 3.7 Enfield's Children's Centres have recently been reconfigured and the age cohort increased to align to the 0-19 delivery model. These services work together to deliver a coordinated offer to families offering social, emotional and health support to families as part of a Family Hub approach.
- 3.8 In practice this means that Health Visitors, School Nurses, Early Years Practitioners, Early Intervention Workers, other Children's Centre Staff and the wider children's services workforce deliver services in an integrated way. This ensures that delivery of children and family services across the borough is thorough, effective, and to a consistent high standard.
- 3.9 We intend to build on this as part of the service transformation and further integrate these services, through approaches such as exploring options for co-location of staff.
- 3.10 Working in this joint way affords a range of efficiencies as it avoids duplication, allows synergies and ensures that where a service is not responsible for the delivery of a given care package they use referral pathways and joint working processes to ensure families receive the multi-agency support they require in a coordinated way.
- 3.11 In September 2017 Enfield Council and the current provider agreed to move to a skill mix delivery model which offers better value for money while maintaining service deliverables.
- 3.12 There are four key ways we will create efficiencies and improve service delivery.

3.12.1 Transfer of specialist school nursing to the CCG.

Specialist School Nursing is a CCG commissioning responsibility, as part of the historical joint working arrangements this was included in the 0-19 Service. However due to budget pressures from April 2019 the CCG have assumed the commissioning and funding responsibility for this service element saving £143,000.

3.12.2 Remodelling the offer to young mothers.

Previous commissioning arrangements included a bespoke programme of support for young mothers called the Family Nurse Partnership. The new arrangement will not offer a formal FNP programme, however the 0-19 Service includes a targeted model for vulnerable families or those with more complex needs. Under the new model young mothers will be included in this targeted cohort and will receive an enhanced offer where appropriate.

3.12.3 Improved use of technology to support self-service.

Online information will enable universal delivery of health prevention and promotion messages as well as information, advice and signposting. This increases the reach of health information and ensures it is accessible when required rather than during service opening hours. This will minimise the need for one to one contact with the service where it is appropriate for residents to self-serve.

3.12.4 Mobile working and IT developments

Improved mobile working for staff based in the 0-19 Service will minimise duplication of activities, such as completion of forms, and will support more effective use of time for staff while they are not office based.

- 3.13 Through strong integrated working to redesign the service to better meets the needs of local people further efficiencies are likely to be achieved.
- 3.14 To oversee the delivery of the 0-19 Services we will establish an Operational Governance Meeting that will oversee the delivery of operational services, and a Strategic Governance Board that will ensure the Service is fully integrated strategically across system partners.
- 3.15 The introduction of these two meetings will enable appropriate system partners and stakeholders to ensure the Service is integrated, performance of Key Performance Indicators and Outcomes are achieved, and that the model continues to meet the needs of children, young people and families in Enfield.
- 3.16 In line with the requirements to progress a Section 75 Agreement Enfield Council have undertaken consultation with key stakeholders of the 0-19 Service through meetings and questionnaires. This consultation aimed to seek feedback on the future operational service delivery arrangements for Enfield's 0-19 Service and establish if there are any issues that need to be considered; and understand how a Section 75 Agreement could support operational delivery and the level of service received by children, young people and their families.

- 3.17 Due to the key change to the service being the governance arrangements and the use of a Section 75 Agreement we consulted stakeholders who would be affected by this.
- 3.18 It was not felt appropriate to consult with service users at the present time as the Section 75 Agreement will not impact on how they receive services. As part of the new arrangements service user engagement will be included in the service and quality review processes.
- 3.19 Service user involvement and staff consultation will be a key component of future service improvements and enhancements.
- 3.20 Public Health England have been engaged in the remodelling process and have offered advice and feedback on the service model which has been incorporated into the specification.
- 3.21 Enfield Council have considered the feedback from this consultation as part of the development of the Agreement for future delivery of this Service.
- 3.22 Further consultation has taken place with key partners including staff within BEH MHT as the current provider of the Enfield 0-19 Service, Enfield CCG and other key services for children, young people and families. These key partners support the introduction of a Section 75 Agreement.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Consideration was given by officers and colleagues in the CCG to other commissioning approaches for the 0-19 Services, including undertaking a tender process, joint commissioning with Enfield CCG and Enfield Council directly providing this service. It was considered that a Section 75 Agreement would improve existing services, promote integration with health services and offer greater value for money.
- 4.2 Enfield's Council's preferred approach was to enter into a Section 75 Agreement with the current provider, BEH MHT. Unfortunately, following 12 months of discussions and planning Enfield Council and BEH MHT were unable to come to a mutually agreeable conclusion.
- 4.3 The proposal to deliver these services through a Section 75 Partnership Agreement is still considered the most suitable approach and therefore alternative NHS Trusts were considered.

5. REASONS FOR RECOMMENDATIONS

- 5.1 The Section 75 partnership arrangements in the National Health Service Act 2006 (formerly Section 31 of the Health Act 1999 – Health Act Flexibilities) have been developed to give local authorities and NHS bodies the ability to respond effectively to improve services, either by joining up existing services or developing new, co-ordinated services. Section 75 agreements can be agreed for one or more of the following:
- 5.1.1 Pooled funds - the ability for partners each to contribute agreed funds to a single pot, to be spent on agreed projects for designated services
 - 5.1.2 Lead commissioning - the partners can agree to delegate commissioning of a service to one lead organisation
 - 5.1.3 Integrated provision - the partners can join together their staff, resources, and management structures to integrate the provision of a service from managerial level to the front line.
- 5.2 Experience shows us that joined up health and care is important in improving experience and outcomes. It is by working together that the Council and NHS can best ensure we optimise the use of our shared resources and deliver the most impact.
- 5.3 The Section 75 Agreement will allow greater flexibility and provide an opportunity to provide services across an entire integrated 0-19 pathway. This will improve the patient experience of children, young people and families and bring health benefits to the community.
- 5.4 Several NHS Trusts were considered based on their experience and ability of delivering similar high quality and high performing services to families, as well as their local connection and presence in Enfield.
- 5.5 A Section 75 Agreement will afford opportunities for the community based 0-19 Service to integrate with key services provided by Enfield Council including Children's Centres and the wider early years' service. This integrated offer will ensure that delivery of children and family services across the borough are thorough, effective, and to a consistent high standard.
- 5.6 Through modernising how the service is delivered, integrating the service with other health care and early years services and other key providers, and innovation, a reconfigured model has been developed which realises efficiencies.

- 5.7 By placing the 0-19 Services in a Section 75 Partnership Agreement we expect to see the following outcomes;
- 5.7.1 Improved continuity of care and services to children, young people and their families due to established joint working with services and integrated care packages across health care provision and 0-19 community services.
 - 5.7.2 Improvement in performance indicators demonstrating wider and more comprehensive delivery of universal services.
 - 5.7.3 Modernisation of the Health Visiting and School Nursing offer using digital approaches and improved technology.
 - 5.7.4 A streamlined approach to the 0-19 Services with other health services leading to an integrated approach to children's health across Enfield.
 - 5.7.5 Further inter-agency working and communication between services.
 - 5.7.6 Integrated preventative and early intervention approaches that provide access to a range of health and well-being services for children, young people and families either directly or via referral pathways and coordinated care.
 - 5.7.7 Flexible and through care services that meet the developmental needs of children and young people.
- 5.8 The transformation of the service will be subject to a change management programme overseen by Enfield Council and the appointed partner.
- 5.9 The use of a Section 75 Partnership Agreement will facilitate strong joint working arrangements across the partnership and between system partners. This will be underpinned by robust joint governance and management arrangements which are being implemented as part of this agreement.
- 5.10 Further reasons for recommendations are contained in Part 2.

6 COMMENTS FROM OTHER DEPARTMENTS

6.1 Financial Implications

- 6.1.1 The Public Health Grant for Enfield in 2019/20 is £16.384m, this being a reduction of £444k or 2.6% from 18/19. There has been

a reduction of the grant of £1.324m or 7.5% from 2016/17 to 2019/20.

- 6.1.2 The Public Health Grant, is ringfenced in 2019/20 and is designed to cover expenditure incurred in delivering the Public Health function, which covers mandated (statutory) services and non-mandated (non-statutory) services.
- 6.1.3 The 0-5 Children's service is a mandated service, whilst parts the 5-19 Children's Service are non-mandated.
- 6.1.4 The creation of efficiencies in working practices and service deliverables will improve value for money and support Enfield Council in delivering challenging savings targets.
- 6.1.5 Further finance implications are contained in Part 2.

6.2 Legal Implications

- 6.2.1 The Council has the power to enter into a Section 75 Agreement with an NHS body for the provision of health-related functions pursuant to section 75 of the National Health Service Act 2006 (the 2006 Act) and the NHS Bodies and Local Authorities Partnership Arrangements Regulations 2000 (the 2000 Regulations).
- 6.2.2 Under the 2006 Act and the 2000 Regulations, a local authority can only enter into a Section 75 Agreement where the arrangements are likely to lead to an improvement in the way in which the health-related functions are exercised. The Council must therefore be comfortable that the proposed arrangement is likely to result in improvements in the provision of the 0-19 services.
- 6.2.3 The 2006 Act and the 2000 Regulations also make it clear that the partners must not enter into a Section 75 Agreement unless they have consulted jointly such persons as appear to them to be affected by such arrangements. In addition, the Local Government Act 1999 provides for a general duty to consult widely, including with representatives of persons who use or are likely to use services provided by the authority, and representatives of persons appearing to the authority to have an interest in any area within which the authority carries out functions. The client department must ensure that the Council undertakes sufficient consultation jointly with the appointed partner before it enters into the proposed Section 75 Agreement.
- 6.2.4 The 2000 Regulations set out the detail to be included in any Section 75 Agreement, for example the funding to be contributed by each partner and how those contributions may be

varied, and the staff, goods, services or accommodation to be provided by the partners in connection with the arrangements. The Section 75 Agreement must be in a form approved by the Director of Legal and Governance Services.

6.2.5 Where any transfer of staff is involved, the Council must be mindful of any obligations it may have under the Transfer of Undertakings (Protection of Employment) Regulations 2006.

6.2.6 Further legal implications are contained in Part 2.

Legal implications provided by MOC on 12 June 2019 based on version of Report circulated 10 June 2019.

6.3 Property Implications

6.3.1 Staff currently working in the 0-19 Service are primarily located within BEH MHT buildings. As part of the service transfer, we are working with Enfield Council Property Services to identify alternative office space.

7 KEY RISKS

7.1 Failure to deliver the agreed service compliment in the financial envelope.

Enfield Council and NMUH have been exploring the potential service delivery models, deliverables for the 0-19 Service and performance management arrangements for the Section 75 Agreement.

7.2 TUPE will apply to this service transfer, if the required staffing compliment is less than the current service there is a risk Enfield Council will be liable for some associated costs.

Enfield Council has accounted for service transfer and set up costs within the 2019/2020 budgets.

8 IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD

8.1 Good homes in well-connected neighbourhoods

Enfield's 0-19 Service deliver a universal service to children, young people and their families as part of the Enfield Children's Community Service offer. Access to services is a key component of an effective service delivery model – the Health Visiting Team are locality based and the School Nursing Team are schools based.

Service delivery can be undertaken in a range of locations, these are primarily in:

- the child's home
- community sites such as children's centres or GP surgeries
- schools

In addition to the face to face service delivery model there will be improvements in digital approaches particularly in relation to the dissemination of information, advice and signposting.

8.2 Sustain strong and healthy communities

As a universal offer the 0-19 Service ensures delivery of health promotion and prevention messages to all children and their families in Enfield. Through the availability of high quality and up to date information families can make informed positive choices about their behaviours and lifestyle.

Families with identified needs will be offered a tailored support package to enable them to make positive changes to improve outcomes.

The 0-19 Service has a key role in ensuring referral pathways are in place with other key health and lifestyle services, so children and/or families can be referred for more specialist support for identified needs where required.

8.3 Build our local economy to create a thriving place

Through improving the health of children, young people and their families in Enfield we will prevent a range of longer-term negative health outcomes in areas such as mental health and illness associated with obesity, drug and alcohol misuse and smoking.

Improving health outcomes will increase the number of people who are able to work and reduce sickness rates. The Wanless report was clear that a healthy population is a productive population.

9 EQUALITIES IMPACT IMPLICATIONS

- 9.1 The 0-19 Service is a universal offer to all children and young people aged 0-19 in Enfield.

9.2 The service is delivered at three levels:

9.2.1 Universal

Available to families with low level needs primarily for the delivery of general health and lifestyle advice and information.

9.2.2 Universal Partnership

Available to families who require timely expert advice on key issues such as health or emotional issues.

9.2.3 Universal Partnership Plus

Available to families with a continuing complex needs who require ongoing support.

9.3 The continued delivery of the 0-19 Service promotes equality and access to this service at an appropriate level for all families in Enfield.

10 PERFORMANCE AND DATA IMPLICATIONS

10.1 Since September 2017 BEH MHT and Enfield Council have worked closely to improve service delivery, as a result there has been some improvements in performance, but these can be irregular and while some performance indicators have improved others have deteriorated.

10.2 Data quality and systems require significant improvements.

10.3 The Section 75 agreement will enable Enfield Council and the identified partner to jointly address data and performance issues. This will be managed as part of the initial transfer of service in two ways:

10.3.1 Commissioning a data system which is fully compliant with recording and performance management requirements.

10.3.2 Transitioning to a paper light service delivery model. Improvements in IT and the technology available to staff will support this.

10.4 Enfield Council's Public Health Team will retain responsibility for the performance management and service development of the 0-19 Service.

10.5 The Section 75 Partnership Agreement will afford Enfield Council robust service delivery and management arrangements to support how we monitor the delivery of the service and the achievement of service outcomes.

11 HEALTH AND SAFETY IMPLICATIONS

None

12 HUMAN RESOURCES IMPLICATIONS

None

13 PUBLIC HEALTH IMPLICATIONS

- 13.1 The Enfield 0-19 Service is integral to the delivery of the Healthy Child Programme and improving social and health outcomes for children, young people and their families.
- 13.2 This universal service delivers health promotion messages to every child in the borough and can support them in making positive choices that will have a lifelong impact.
- 13.3 In addition to the key performance indicators Public Health are measured on a range of health indicators thorough the Public Health Outcome Framework (PHOF). The 0-19 directly contributes to these through the delivery of their service and joint working with other key services, in particular schools, children's centres and the voluntary sector.

Background Papers

None

MUNICIPAL YEAR 2019/2020 REPORT NO. **48**

MEETING TITLE AND DATE:

Cabinet - Wednesday 17th July 2019
 Council – Wednesday 18th September 2019

JOINT REPORT OF:

Executive Director People
 Tony Theodoulou
 Executive Director Place
 Sarah Cary

Agenda – Part: 1**Item: 13**

**Subject: Reardon Court Extra Care
 Housing Scheme
 Wards: Winchmore Hill
 Key Decision No: 4898**

**Cabinet Member consulted:
 Cllr Cazimoglu**

Contact officer and telephone number:

Lia Markwick, Strategic Commissioning & Service Development Manager

Email: lia.markwick@enfield.gov.uk

1. EXECUTIVE SUMMARY

1.1 In July 2018, Cabinet approved:

- a Council led demolition, design and redevelopment of the Reardon Court Site for provision of Extra Care Housing provision
- indicative borrowing subject to securing a capital contribution from the Greater London Authority (GLA).

1.2 Indicative borrowing requirements included within the July Cabinet report were based on a high-level assessment of 69 homes with a projected GLA contribution of £60,000 per home.

1.3 Since this time, more detailed work has been undertaken. Early discussion with Enfield's Local Planning Department suggests it might be possible to develop circa 91 self-contained homes on the Reardon Court site subject to consideration of a full planning application. Negotiations with the GLA have resulted in an increased capital contribution – from £60,000 to £103,771 per unit, and following a successful bid in February 2019, £9.443,161 funding has now been secured.

1.4 This report updates on requirements for allocation against the Council's Capital Programme to support the development of this project in line with the Council's GLA bid submission.

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Note the content of this report, including the Council's successful bid to the Greater London Authority (GLA) for £9,443,161 capital funding to develop Extra Care Housing at Reardon Court.
- 2.2 Delegate authority to the Executive Director of Place in consultation with the Cabinet Member for Finance and Procurement, the Director of Health & Adult Social Care and the Cabinet Member for Cabinet Member for Health & Social Care:
 - 2.2.1 the award of construction work contracts for the demolition and redevelopment of the site.
 - 2.2.2 project management and procurement arrangements including operational resourcing, appointments for all pre and post contract construction services and submission of a planning application.
- 2.3 Approve the application of funds (circa £2.5m – see section 3.5.7) from the Kingsdowne Society Trust to this project - subject to administrators releasing the funds and the Charity Commission approval - to reduce the Council's borrowing requirement for the scheme.

It is recommended that Council:

- 2.4 Approve the allocation of capital funding for this development from the Council's Capital Programme based on the improved business case. (See Part 2).

3. BACKGROUND

3.1 In July 2018, Cabinet:

- approved removal of the Reardon Court Site from the Council's current disposal list
- approved a Council led demolition, design and redevelopment of the Reardon Court site for the provision of modern, accessible, self-contained Extra Care Housing provision
- approved the appointment of design expertise to develop architectural plans and support an application to the Local Planning Authority
- granted permission for officers to tender for a building contractor to develop the scheme

- approved indicative borrowing requirements for development capital, subject to securing a capital contribution from the Greater London Authority (GLA)
- delegated to the Executive Director Place, in consultation with Adult Social Care, Legal and Procurement Services, the appointment of a design team

3.2 It was recommended that Cabinet 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)

3.3 Since this time Council officers have engaged with the Greater London Authority (GLA) and submitted an extended bid to the Mayor's Specialist Housing Care & Support Fund for the development of 91 fully accessible self-contained homes plus communal facilities on the Reardon Court Site.

3.4 This bid was successful and in February 2019, the Council was awarded £9,443,161 for development of the Reardon Court Extra Care Housing scheme. This GLA funding is equivalent to £103,771 per home and exceeds the expectation of £60,000 per home as detailed in the Cabinet Report of July 2018. See Part 2.

3.5 Capital Programme Requirements

3.5.1 – 3.5.4 See Part 2.

The Kingsdowne Society

3.5.5 The Council has been made aware of Kingsdowne Residential Care Home Limited, which is subject to a Charity Trust, The Kingsdowne Society. It has been identified by the administrators that the successor to the trust is potentially Enfield Council. After considerable work and having taken legal advice and consulted with the Charity Commission this position has been confirmed.

3.5.6 The Kingsdowne Residential Home Limited, Barnet, was closed a number of years ago and the administrators sought to sell the building and release the remaining capital assets in Trust to the successor organisation, identified now as Enfield Council. It is the Council's understanding that the Charity Commission require the funds (Capital) to be used for the purposes of the object of the charity which is "the relief of sickness and the preservation of health among people residing in the London Borough of Enfield and surrounding areas." It is felt that a capital project such a Reardon Court would meet the objectives of the charity and permission is being sort from the Charity Commission to proceed on this basis. It is the Council's understanding that the resources cannot be converted to revenue expenditure.

- 3.5.7 The Kingsdowne Residential Home is understood to have sold for circa £2.8 million. It is therefore proposed that, subject to approval from the administrators and the Charity Commission, the funds remaining following deduction (circa £2.5m) be used to contribute to the capital cost of Reardon Court and reduce the Council's borrowing proportionately.

3.6 Development Progress

Design Approach

- 3.6.1 A Project Board has been established to oversee the early development of this project. High level architectural plans have been drawn together, informed by the views of Occupational Therapists and service user / carer representatives. In line with the Council's funding bid, early designs include the provision of 91 wheelchair accessible self-contained homes plus shared facilities including lounges, a hairdressing/treatment room, activity rooms and sensory green space to support healthy, active and inclusive ageing.
- 3.6.2 As part of a holistic approach to connecting and caring for people living at the project new technologies shall be explored, including the use of assistive technology and health monitoring tools. The scheme will meet and where possible exceed standards in respect of sustainability as set out in Housing Supplementary Planning Guidance (2016) and Building Regulations. The building will be designed to reach the equivalent of Code for Sustainable Homes Level 5 and will include green roofing and Photo-Voltaic (PV) panels to supplement energy used in the building.

Procurement Approach

- 3.6.3 A procurement approach for the selection and appointment of services to deliver this project has been developed and agreed at the Council's Procurement and Commissioning Board (February 2019).
- 3.6.4 Design services will be led by the Council's Corporate Maintenance & Construction Team (CMCT), utilising consultants via compliant frameworks.
- 3.6.5 The demolition works contract will be a single stage procurement, competitively tendered to include local SME contractors.
- 3.6.6 The main construction works contract will be in excess of the EU threshold for works. An OJEU notice will be issued for a single stage procurement, competitively tendered for a Design & Build contract.

Operational Approach

- 3.6.7 The Reardon Court site is owned by the Council and held within the Council's General Revenue Fund.
- 3.6.8 Rent and service charge income generated from the Reardon Court Extra Care Housing scheme will be paid to the Council's General Revenue Fund to enable the repayment of Council borrowing as detailed in Part 2 of this report.
- 3.6.9 In line with GLA funding bid rent and service charges will not exceed 80% of Market Rent for comparable properties. Rents will not exceed Enfield Local Housing Allowance levels as applicable to specialist/supported housing of this nature.
- 3.6.10 Financial modelling undertaken for this project is based on applying London Affordable Rent levels. It is noted that increases above and beyond London Affordable Rent levels would be scrutinised to ensure genuine affordability. Currently, London Affordable Rent levels are less than Local Housing Allowance caps.
- 3.6.11 Housing Management (including tenancy management and general maintenance functions) will be provided by a Housing Management organisation to be determined and selected in line with Legal and Procurement advice. One option that will be considered is the provision of these services by Enfield's Council Housing services.
- 3.6.12 In line with Cabinet Report July 2018, support and care services at the scheme shall be delivered by a separate organisation, to be selected and appointed in line with appropriate Procurement and Legal advice.

Projected Timescales

- 3.6.13 Pending approval of recommendations within this report, officers will progress works in line with the programme approved by the Greater London Authority (GLA). This includes the development and submission of a planning application to Enfield's Local Planning Authority, and, pending necessary planning approvals, the tender and appointment of building contractors.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 Do nothing

- 4.1.1 This option is not recommended as it does not address the strategic requirement for additional accommodation of this nature, resulting in avoidable and costly placements to residential care. Over £9.4m capital funding to support the redevelopment of this site would be lost, as would opportunities for cost avoidance to the value of circa £740,00 per annum (See 5.1.2)

4.2 Proceed on existing borrowing approvals

- 4.2.1 An option considered is to proceed based on existing Council borrowing approvals and develop 69 homes rather than 91 new homes. This option is not recommended as the Council would lose additional external funding that has been secured at a time when supply is required to meet escalating need. Cost avoidance opportunities to the value of circa £180,000 per annum would also be lost (See 5.1.2)

5. REASONS FOR RECOMMENDATIONS

5.1 Financial Rationale

- 5.1.1 Increasing the number of units delivered on this local authority owned site will increase the long-term security of supply, helping to ensure that future costs can be managed, and statutory care requirements can be met.
- 5.1.2 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 91 homes on the Reardon Court site holds potential to support cost avoidance in excess of circa £740,000 per annum. This compares to circa £559,000 per annum if 69 homes are developed.
- 5.1.3 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

5.1.4 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.
- 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

5.2 Strategic Rationale

5.2.1 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

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

5.2.3 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.

5.3 Community & Public Value Rationale

5.3.1 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

6. COMMENTS FROM OTHER DEPARTMENTS

6.1 Financial Implications

6.1.1 - 6.1.6 See Part 2.

6.2 Legal Implications

6.2.1 Section 111 of the Local Government Act 1972 gives a local authority power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The provisions of Section 9 of the Housing Act empowers the Council to provide housing accommodation as part of its functions.

6.2.2 The Council also has a general power of competence in section 1(1) of the Localism Act 2011. This states that a local authority has the power to do anything that individuals generally may do provided it is not prohibited by legislation. The proposed services the Council wishes to provide within this report are in accordance with this power.

6.2.3 The Council must ensure compliance with its Constitution. Where required, the Council shall carry out any procurement exercises in accordance with its Contract Procedure Rules and the Public Contracts Regulations 2015 (where procurements are caught by these Regulations) seeking assistance from the Council's Procurement & Commissioning Hub and Legal Services where required.

- 6.2.4 The Council must ensure value for money in accordance with the Best Value principles under the Local Government Act 1999.
- 6.2.5 As this is a Key Decision the Council must comply with the Key Decision procedure.
- 6.2.6 Any legal agreements (and ancillary documents where relevant) arising from the matters described in this report must be approved in advance of contract commencement by Legal Services on behalf of the Director of Law and Governance.
- 6.2.7 The Council is being advised by external lawyers, Browne Jacobsen, in relation to the receipt of funds from the Kingsdowne Society Trust. Without amendment, and by virtue of 139 of the Local Government Act, the Trust's charitable objects would prevent the Council from accepting the funds to be used to fund the development at Reardon Court. In order to apply the funds as required, the Council will need to be appointed as the sole trustee of the Trust and a Charity Commission Scheme must be put in place to change the Trust's objects.
- 6.2.8 Work is now underway to appoint The Council as the sole trustee of the charity. A Charity Commission Scheme is being finalised which will change the objects of the charity, and enable the application of funds to this project. Officers should continue to seek legal advice to ensure that the Kingsdowne Trust funds are legitimately applied.

6.3 Property Implications

- 6.3.1 Reardon Court is no longer fit for purpose as outlined earlier in this report. Refurbishing the asset is not an option, as this would not be a good return on the investment required. The ongoing revenue costs relating to security and incursions will be eliminated by development of the site.
- 6.3.2 All new or revised asset data arising out of the proposed works must be sent by the Project Manager to Strategic Property Services for input onto the Asset Management Data System, ATRIUM, including revised site plans, floor plans, asset information and maintenance regimes.

6.4 Corporate Procurement Implications

- 6.4.1 All procurements of goods/services/works will be in accordance with the Councils Constitution, Contract Procedure Rules ("CPRs") and the Public Contracts Regulations 2015. In particular, the Council is able to utilise a range of EU compliant frameworks to engage the services of construction contractors or technical support staff such as architects or quantity surveyors in full compliance with the CPRs. Any use of a framework must be in accordance with the framework terms.

- 6.4.2 The proposed use of frameworks set out in Part 2 is compliant with the Council's Contract Procedure Rules.

7. KEY RISKS

- 7.1 There is a risk that the project will exceed projected timescales for completion. To mitigate this risk, project progress shall be monitored by the Project Board. Foreseeable delays will be escalated to enable a timely response. Contractual provisions shall be put in place to help ensure the timely development of this project.
- 7.2 There is a risk that planning permission for the development of this site will not be secured. 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.
- 7.3 There is a risk that development costs will exceed those projected in this report. Officers will put in place contract and review mechanisms to minimise this risk.
- 7.4 There is a risk that delay in tenancy uptake upon scheme opening will impact the financial viability of the project through loss of rent and service charging. This risk shall be reduced through the application of an early marketing strategy to promote awareness of the project, including the availability of open days and show flats, to engage potential residents at an early stage.
- 7.5 A Project Risk Register is maintained and owned by the Project Board to monitor the above-mentioned risks and escalate accordingly.

8. IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD

8.1 Good homes in well-connected neighbourhoods

- 8.1.1 The development of Extra Care Housing at Reardon Court will support the creation of thriving, affordable neighbourhoods, through the provision of good quality, accessible and affordable housing options for older people with support and care needs.

8.2 Sustain strong and healthy communities

- 8.2.1 The development of Extra Care Housing at Reardon Court will enable the provision of good quality, affordable housing for those most in need, supporting older people to maintain independent and full lives in the community. It will also support the improvement of public health and wellbeing, through the promotion of healthy, active and ageing, that supports social inclusion and reduces the likelihood of social isolation and loneliness.

8.3 Build our local economy to create a thriving place

- 8.3.1 The development of Extra Care Housing at Reardon Court will provide a vibrant inclusive living environment for older people with support and care needs, that fosters connection with the wider community through shared activity and social space. It supports work on reducing inequalities through the provision of accessible and affordable housing in later life.

9. EQUALITIES IMPACT IMPLICATIONS

- 9.1 A Predictive Equalities Impact Assessment has been completed for update and review pending approval of recommendations within this report. 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.

10. PERFORMANCE AND DATA IMPLICATIONS

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

11. HEALTH AND SAFETY IMPLICATIONS

- 11.1 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.

12. PUBLIC HEALTH IMPLICATIONS

- 12.1 The Reardon Court Extra Care Housing development will contribute to the improved health and wellbeing of older people with care and support needs in the borough, facilitating prevention and early intervention, the reduction of health inequality and the delivery of high quality, integrated approaches to the delivery of housing with care in the borough.
- 12.2 The scheme will offer a purposefully designed environment to encourage healthy, active and inclusive ageing through for example, accessible allotment/garden space, accessible walkways and shared social space to encourage human connection and socialisation.

Background Papers

None

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MUNICIPAL YEAR 2019/2020 REPORT NO. 49

MEETING TITLE AND DATE:

Cabinet
17th July 2019

REPORT OF:

Commercial Director

Contact officer and telephone number:

Will Wraxall 0208 379 1265

E mail: will.wraxall@enfield.gov.uk

Agenda – Part:1	Item: 14
Subject: Business Plans of the Council's Trading Companies – HGL & EIL Wards: All Key Decision: 4928	
Cabinet Member consulted: Cllr Maguire	

1. EXECUTIVE SUMMARY

- 1.1 This cover report and the attached reports to the Shareholder Board summarise the content of the Business Plans put forward by two of the Council's trading companies, Housing Gateway Ltd (HGL) and Enfield Innovations Ltd (EIL).
- 1.2 Under the current Shareholder Board Terms of Reference, final approval of the company business plans is reserved to Cabinet for decision. The Shareholder Board has provided substantial feedback, strategic direction and input into the business planning process for a number of months and considered the business plans at it's meeting on 25th June.
- 1.3 HGL provides affordable tenancies, let under a nominations agreement with Council Housing, and low-cost temporary accommodation within the borough. The company's business plan identifies a need to restructure the financial model of the current portfolio to provide financial stability, after which the company plans an expansion of 250 additional properties to the portfolio.
- 1.4 The expansion will be funded through lending from the Council. £51.1m of loans are currently available to the company to draw down as required, comprising £49.35m approved by Council in February 2019, and £1.75m carried over from 2018/19. A further facility of £51.4m is identified within the Council's Pipeline projects schedule; however, this sum would require approval from Council before it would be made available to the company.

- 1.5 The business plan for EIL focusses primarily on delivering the completion and sale of the properties within the Small Housing Sites 1 (SHS1) project.
- 1.6 This is contingent on realising sufficient value from sales by September 2019 to meet the company's immediate obligations on debt repayment to the Council. The business plan includes a sale for an element of 21 properties for which an offer has been received. This will address the immediate risk of insolvency.
- 1.7 This report presents options for the disposal of the company's portfolio in order to achieve value for the Council. The option assessed as the best overall commercial decision is a split strategy which retains 21 properties within the social sector via a housing association, disposes of two properties to the HRA, and disposes of the remaining 17 via individual market sales. This achieves an overall positive financial value.
- 1.8 Cabinet approved in July 2017 the sale of the 57 properties in which EIL maintained an interest. 17 of these properties have been sold to the HRA. Shareholder Board has approved the disposal strategy for the remaining 40 properties.

2. RECOMMENDATIONS

- 2.1 To approve the presented business plans for HGL and EIL in line with the recommendations made by Shareholder Board, as detailed within paragraphs 2.1 – 2.4 of Appendix 1, and paragraphs 2.1 – 2.3 of Appendix 2.
- 2.2 To delegate to Shareholder Board the authority to approve as shareholder representative the final proposed financial structure for HGL, based on the presentation of a full options appraisal by the company, and within the remit of the Shareholder Board's Terms of Reference.
- 2.3 To delegate authority, as recommended by Shareholder Board, to the Council's Commercial Director to act as representative of the Council's shareholder function and make decisions on shareholder reserve matters relating to the delivery of the approved business and operating plans of the Council's wholly owned trading companies, where such decisions would not require Member approval if applied to a Council department under the Council's scheme of delegation.

3. BACKGROUND

- 3.1 The Shareholder Board was created as a sub-committee of Cabinet in 2018, with the aim of acting as a point of single oversight and governance support to the Council's trading companies.
- 3.2 Under the Board's Terms of Reference, it provides guidance and input on company business plans prior to presentation of the business plans to Cabinet for final approval.
- 3.3 The Shareholder Board has engaged with officers and company directors in both February and April 2019 to provide guidance to the companies on its preferred strategic direction. The companies have developed their final business plan in accordance with the given direction, and now presents the plan for approval. The company has prepared the plan in accordance with the priorities identified by the shareholder, and in the required format. The plan covers the period April 2019 – March 2020 and will be updated on a rolling annual basis. Shareholder Board is due to consider the first such rolling update in February 2020, prior to the next financial year.
- 3.4 The plans presented represent two of the Council's trading companies, EIL and HGL. A third company, Energetik, has a 40-year business plan which was approved by Cabinet in 2017. It is currently undergoing review and update subject to live funding applications with external financing sources for the Council's Tranche 2 investment company. Following a confirmed outcome of current applications, a revised business plan will be presented to Cabinet for approval as part of the Council's Tranche 2 decision, currently scheduled for September 2019 and due to be presented to both Cabinet and Council.

Key company objectives and risks

HGL

- 3.4 HGL has identified three key strategic objectives, detailed on pages 3-4 of the Business Plan (Appendix Two). These are:
 - To expand the portfolio by 250 homes;
 - To deliver additional £1m per annum temporary accommodation cost avoidance to the Council; and
 - To consider how to either return post-tax profit to the Council or invest in further housing.

These are in line with the priorities identified by the Shareholder Board.

- 3.5 The immediate risk to achievement of objectives is the company's cash flow and its ability to meet loan repayments to the Council. The Business Plan identifies refinancing as a key dependency to achieving company objectives. However, the company business plan does not clearly indicate how refinancing compares to other options for addressing the key underlying risks; therefore, the company has been requested to return with a detailed report before approval of the forward financial model is approved. Risks and refinancing plans are detailed further within paragraphs 3.7 – 3.9 of this report, and paragraphs 3.11 – 3.19 of Appendix One.

EIL

- 3.4. The central objective of EIL's the business plan is to complete the SHS1 project and realise a cumulative company profit through sale of the 40 completed properties. This will close off the project and allow the company to either return profits to the Council or invest in further business opportunities.
- 3.5 The main risk to this objective is company solvency. Due to delay of completion on the SHS1 project, the company has not been able to sell its properties at the originally envisioned time. While there was contingency for delay in the business plan, the company is approaching a critical stage; without sufficient sales by September 2019, the company is at risk of insolvency and being unable to fund its loan repayments to the Council. The preferred disposal strategy outlined within the business plan minimises the risk of this occurrence.
- 3.6 Progress against strategic objectives for all companies will be reported quarterly to Shareholder Board. In addition, Shareholder Board has requested monthly sales updates from EIL, to monitor the progress of the company's disposal strategy and ensure financial risks do not materialise.

Summary of strategic actions for the years 2019-22

HGL – refinancing

- 3.7 The Business Plan identifies a need for HGL to refinance its current portfolio. One option is an external refinancing package this would involve agreeing a package with an external fund lender, which would provide cash to repay the on-loans the company currently has from the Council, amounting to around £115m. The Council could then choose to repay its own loans

from the Public Works Loans Board (PWLB) early, or re-invest the funds received elsewhere. This would be a decision for the Council and would not involve the company.

- 3.8 An external option would likely require a Parent Company Guarantee from the Council to achieve terms which would be viable for the company. Any financial commitment on the part of the Council would not fall within the purview of the Shareholder Board. Therefore, any consideration of a Parent Company Guarantee would be progressed through a governance process as appropriate under the scheme of delegation.
- 3.9 The Council has also identified the option to restructure its existing loans to the company through reducing the amount of capital repayment currently required. This is a model which has been successfully implemented by other Local Authorities with similar companies to HGL. This is a recent development and as such, the option has not been fully appraised and compared to other available options for refinancing. To this end, the company is requested to provide a full report for future approval of the financial structure, in order to allow full consideration and comparison of all options to determine which option represents best value for the shareholder and company.
- 3.10 Further detail on refinancing can be found within paragraphs 3.11 – 3.19 of Appendix One.

HGL – Portfolio expansion

- 3.11 HGL has proposed a portfolio expansion of 250 properties to March 2022. This will enable the company to expand the benefit provided to the Council through discharge of homelessness duties and provision of lower cost temporary accommodation.
- 3.12 The company has total approved loan facilities of £51.1m from the Council, which it may draw down as required. A further £51.4m has been identified within the Council's future capital pipeline, however this has not been approved at the appropriate and therefore cannot be utilised by the company until such approval is granted.

EIL – SHS1 Disposal Strategy

- 3.13 Cabinet approved the sale of EIL's properties under the SHS1 project in July 2017.
- 3.14 The company has considered a number of options, including bulk private sale, sales to the HRA or HGL, and individual sales.

- 3.15 The preferred option originally presented within the Business Plan to the Shareholder Board consisted of a split strategy covering sale of 21 properties to a housing association.
- 3.16 The company continued to conduct negotiations following the filing of papers for Shareholder Board, and was able to achieve an improved position, whereby two properties will be purchased by the HRA, 21 will continue to be disposed to the housing association under a Rent to Buy scheme, and the remaining 17 will be sold individually through the market. The company has also achieved 100% nomination rights in perpetuity in relation to units disposed to the housing association, for as long as the properties remain rented and are not purchased by the association's tenants.
- 3.17 The above position in paragraph 3.16 was approved by the EIL Board on 24th June, and by the Shareholder Board on 25th June. The company's Business Plan has been amended to reflect the change.
- 3.16 The Shareholder Board has approved the disposal strategy and requested monthly updates on progress, in view of the critical timeline for disposal.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 No alternative reporting or planning was considered. The company requires a Business Plan to determine its operations for the year.
- 4.2 The alternative option for delegation to the Commercial Director is that all reserve matter decisions would require decision of the Shareholder Board or other committee as appropriate. This is not considered efficient or entrepreneurial and would potentially result in the trading companies requiring greater approval levels than a Council department. The recommendation made will bring the implementation of reserve matters in line with the Council's scheme of delegation and does not delegate any matters over which Members would normally exercise scrutiny and approval for a Council department.
- 4.3 The key alternative options for strategic decisions outlined above are identified within section four of both Appendix One (HGL) and Appendix Three (EIL).

5. REASONS FOR RECOMMENDATIONS

- 5.1 HGL's business plan provides a stable basis for the company to continue operating over the next three years and includes clear

and measurable proposed benefits to the Council. Refinancing of the company's existing portfolio will address the company's immediate cash flow risks. It will provide financial stability to the company and enable the Council to continue realising annual and long-term value returns from the company through temporary accommodation cost avoidance, company profit and portfolio appreciation. However, it is responsible use of public money for the Council to ensure that the developments proposed represent the best value options. Due to recent development of options not considered within the business planning process, it is important to ensure all available options are fully appraised to provide assurance that best value is being achieved.

- 5.2 The most significant risk to achievement of EIL's objectives is the immediate risk of insolvency in September 2019 should insufficient sales be realised. The recommendation made to Shareholder Board and further recommended to Cabinet is the option which best addresses this risk without causing further risks to other key Council services or trading companies.
- 5.2 The Council's companies have a number of reserve matters; these are matters for which the Directors of the company require shareholder approval. The recommended delegation brings the implementation of these approvals in line with the Council's scheme of delegation, ensuring that companies are able to act as responsively as possible while still maintaining oversight appropriate to the use of public funds.

6. COMMENTS FROM OTHER DEPARTMENTS

6.1 Financial Implications

- 6.1.1 The Company's outstanding debt as at 31.03.2019 was £113.9m. The Company currently repays both principal and interest on its loans. This may change depending on the outcome of the current refinancing work.
- 6.1.2 There is currently £51.1m in the Council's approved 4-year Capital programme, available for loan drawdown by the Company, subject to the relevant governance. This includes £1.75m carried forward from 2018/19.
- 6.1.3 A further £51.4m is included in the Council's 'Pipeline projects' schedule. All projects within this list are subject to the relevant Cabinet or Council approval, an assessment of affordability and a review of other Council priorities at the time.

6.1.4 EIL's outstanding loan as at 31.03.2019 was £12.2m. The repayment of this is subject to the disposal of the current remaining properties.

6.1.5 With the split sale option, which includes the forecast completion of individual sales by December 2019, the company will be able to pay off the outstanding loan by December 2019. Should there be any delays to the current sales forecast, the Council and company will need to agree refinancing options

HRA Implications (relating to EIL sales)

6.1.6 See part two report.

6.2 Legal Implications

6.2.1 The Council has a general power of competence under s1(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. Under sections 1(4) and 4 of such Act 2011, the Council can use this general power to do something for a commercial purpose or otherwise for a charge so long as it does this through a company. In approving the company's business plan, and the associated recommendations proposed in this Report, the Council is acting within its powers.

6.2.2 Under company law, a company is limited to acting with the objects set out in its Articles of Association. The Articles of Association for both HGL and EIL, state that the company's objects are unrestricted.

6.2.3 The Council is subject to fiduciary duties to act prudently with public money entrusted to it and a general duty to secure best value under the Local Government Act 1999. It should require its trading companies to follow the Council's own procurement rules when awarding contracts to demonstrate best value.

6.2.4 One of the options of 'doing nothing' in paragraph 4.4 of Appendix One, could result in the company becoming insolvent. If a company goes into an insolvent administration or liquidation (insolvent as determined by the balance sheet test, and at some point before then the director knew or ought to have realised that there was no reasonable prospect of avoiding the insolvency, he may be made liable to contribute to the assets of the company: the quantum of liability is at the court's discretion but is assessed by reference to the liabilities incurred and loss to

creditors caused by the director's actions (or inaction) after the point at which he knew or ought to have known that there was no reasonable prospect of avoiding the insolvency. This liability is called liability for wrongful trading and is dealt with in [sections 214](#) and [246ZB](#) of the IA 1986.

- 6.2.5 The court will not make an order for wrongful trading if, knowing there was no reasonable prospect that the company would avoid going into insolvent liquidation or insolvent administration, the director took every step with a view to minimising the potential loss to the company's creditors as he ought to have taken.
- 6.2.6 Under the current reserve matters, the Council as shareholder has a general power under the Articles to direct the directors to take or refrain from taking specified action. In addition, the Articles contain a comprehensive list of matters to be referred to the Council as shareholder. Reserve matters refer to and list various relevant measures on loans, winding up and administration.
- 6.2.7 The reserved matters referred to in paragraph 5.2, above, balance the need for the Council to retain strategic control with the importance of providing the company with the commercial freedom to maximise its chances of success.
- 6.2.8 When supporting its trading companies, the Council must be mindful of the rules with regard to state aid. 'Aid' in this context means any benefit conferred, not just payments of cash. This could include any services/resources provided by the Council to the company at less than market value.

6.3 Property Implications

EIL and HGL are not subject to the Council's Constitution which includes the property procedure rules therefore, they are at liberty to dispose of assets in accordance with the company articles alone.

7 KEY RISKS

- 7.1 Due to the company's close association with the Council, poor service provision by the company could have negative reputational effects on the Council. The business plan includes clearly stated operational KPIs which will be reported to the shareholder on a quarterly basis to monitor service provision.

- 7.2 The company has a key financial risk of insolvency. This is detailed above, and the restructuring of the company's financial model is considered the most effective long-term mitigation of this risk.
- 7.3 The business plan identifies a risk that the company and HRA could pursue the same type of properties for acquisition and could compete against each other, which would limit the potential gains to the Council overall. The company indicates that it will seek to work with the HRA to ensure this situation does not arise.
- 7.4 The Managing Director of HGL also holds a key Council post in relation to housing, the main client department for HGL. While there needs to be close working with Housing to ensure the company continues to meet the Council strategic housing needs, governance structures will also need to ensure that potential conflicts of interest between the client and MD roles of the Managing Director are managed and decision-making process have suitable independence and separation of duties.
- 7.5 Future loans to the company will need to continue the Council's history of good compliance and practice in regard State Aid. On-lending agreements will continue to be processed through legal services, with access through contracts to specialist State Aid advice to ensure compliance.
- 7.6 There is a reputational risk to the Council if EIL is unsuccessful or records a loss because of failure to realise value of SHS1 properties, as the project was initiated and developed by the Council. The business plan identifies actions for the company to liaise with the Council's press team to ensure they are prepared for any arising issues.
- 7.7 For EIL there is a significant risk of insolvency in September 2019 should insufficient sales be realised by this time. The main recommendation set out above addressed this risk through a successful sale, and additionally officers are working with EIL colleagues to identify State Aid compliant contingency plans in the event that unforeseen events render the recommended sale unsuccessful.
- 7.8 There is a risk that EIL properties are not completed on time for sale, as the project has been significantly delayed before. The completion date is currently expected in July. Officers are not aware of any reason to believe that further delays are likely, however there remains regular liaison with EIL colleagues to ensure any issues are raised promptly.

- 7.9 Individual sales of EIL properties may have some risks associated in terms of delays and value which are outlined above in paragraph 3.18. EIL has in its business plan supplied a clear timetable, including income targets, to achieve disposal of all properties, thereby providing the shareholder an effective way to monitor progress. Should the shareholder approve the sales plan, then the progress against that stated in the business plan will be regularly reported to the Board.

8 IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD

8.7 Good homes in well-connected neighbourhoods

EIL has developed a number of properties to supply to different elements of the housing sector, to provide more supply of good quality housing in Enfield. HGL helps to alleviate housing pressures by reducing the pressure on the temporary accommodation budget as well as increasing the availability and affordability of good quality private housing.

8.8 Sustain strong and healthy communities

EIL's new build houses are good quality and will enable residents to achieve a high quality of life and health in their homes and communities. The small-scale developments have regenerated formerly low-quality areas of land in communities. HGL aims to help improve physical and mental health by providing good quality housing for residents who otherwise may be located for longer periods in unstable temporary accommodation.

8.9 Build our local economy to create a thriving place

The company aims with its sale to provide housing supply to a local housing association, creating affordable housing solutions within the local area to benefit the local economy. HGL aims to provide good quality homes that have a fair rent, thereby enabling tenants to spend more of their money in the local economy.

9 EQUALITIES IMPACT IMPLICATIONS

There has been no equality Impact assessment completed.

10 PERFORMANCE AND DATA IMPLICATIONS

The Shareholder Board will put in place a formal and robust reporting process between the companies and the Council to ensure they are supporting the Council's aims and objectives.

Regular reports will draw on the information provided in business plans to assess progress throughout the year.

11 PUBLIC HEALTH IMPLICATIONS

There are no public health implications associated with this report.

Background Papers – None

Appendix One – HGL Business Plan: part 1 report to Shareholder Board

Appendix Two – EIL Business Plan: part 1 report to Shareholder Board

MUNICIPAL YEAR 2019/2020 – REPORT NO. COVER REPORT**MEETING TITLE AND DATE:**

Shareholder Board
25th June 2019

REPORT OF:

Commercial Director

Contact officer and telephone number:

Will Wraxall 0208 379 1265

E mail: will.wraxall@enfield.gov.uk

Agenda – Part:1**Item:**

Subject: Housing Gateway Ltd (HGL) -
Business Plan 2019-22

Wards: All

Key Decision No: 4928

Cabinet Member consulted: Cllr Maguire

1. EXECUTIVE SUMMARY

- 1.1 This cover note summarises the content of the HGL business plan for 2019-22.
- 1.2 The business plan identifies that HGL will return a cumulative profit over the course of the three-year plan, in the expected amount of circa £1m, though this will entail a loss within the first year of the plan due to refinancing needs.
- 1.3 This will run alongside a planned expansion of HGL's portfolio by 250 properties over three years, however this will encompass some adjustments of the company's financial model, specifically through refinancing to provide financial stability to the company's current portfolio.
- 1.4 Subject to receipt of further detail on the financial structure proposals, it is officers' opinion that the Business Plan represents a good return to the Council through a combination of profit, cost avoidance and social value. However, the planned expansion may be challenging and will require careful monitoring to ensure both success and continued alignment with shareholder priorities.

2. RECOMMENDATIONS

- 2.1 To recommend to Cabinet to approve the activities detailed in the HGL Business Plan for 2019-22, subject to presentation of a further report for approval of the forward financial structure based on a full options appraisal, and the submission of clear annual expansion targets.

- 2.2 To recommend to Cabinet to delegate authority to the Shareholder Board to approve the future reports detailed in recommendation 2.1.
- 2.3 To recommend to Cabinet to delegate to the Council's Commercial Director the authority to act as representative of the Council's shareholder function and make decisions on shareholder reserve matters relating to the delivery of the approved HGL Business Plan, where such decisions would not require Member approval if applied to a Council department under the Council's scheme of delegation.
- 2.4 To delegate to the Leader of the Council the authority to approve an appointment to the current vacant position on the HGL Board.

3. BACKGROUND

- 3.1 The Shareholder Board was created as a sub-committee of Cabinet in 2018, with the aim of acting as a point of single oversight and governance support to the Council's trading companies.
- 3.2 In its role as shareholder, the Board is required to approve HGL's business plan.
- 3.3 The Shareholder Board has engaged with officers and company directors in both February and April 2019 to provide guidance to the companies on its preferred strategic direction. The company has developed its final business plan in accordance with the given direction, and now presents the plan for approval. The company has prepared the plan in accordance with the priorities identified by the shareholder, and in the required format. The plan covers the period April 2019 – March 2022 and will be updated on a rolling annual basis. Shareholder Board is due to consider the first such rolling update in February 2020, prior to the next financial year.

Strategic Objectives and risks

- 3.4 HGL has identified three key strategic objectives, detailed on pages 3-4 of the Business Plan. These are:
- To expand the portfolio by 250 homes;
 - To deliver additional £1m per annum temporary accommodation cost avoidance to the Council; and

- To consider how to either return post-tax profit to the Council or invest in further housing.

These are in line with the priorities identified by the Shareholder Board.

- 3.5 The immediate risk to achievement of objectives is the company's cash flow and its ability to meet loan repayments to the Council. The Business Plan identifies refinancing as a key dependency to achieving company objectives. However, the company business plan does not clearly indicate how refinancing compares to other options for addressing the key underlying risks. Risks and refinancing plans are detailed further within paragraphs 3.11 – 3.19 of this report.
- 3.6 Progress against strategic objectives will be reported quarterly to the Shareholder Board.
- 3.7 The company currently retains a directorial vacancy. Under the Articles of Association, the Council may nominate an appointment to this vacancy. Officers are liaising with the company Board and have requested an indication of the skills and knowledge the company feels would most benefit the effectiveness of its Board. A nomination will be made based on the company's response.

Financial Projections

- 3.8 The company projects that based on a refinanced model, it will prove to be net profitable over the three-year course of the business plan. Further details are included within the Part 2 section of this report.
- 3.9 The projection is based on refinancing, the full costs and terms of which were unknown at the time of calculation. The full options appraisal as suggested under recommendations will be expected take account of the indications received from the market.
- 3.10 The financial projections also do not take into account potential portfolio expansion, as this cannot be accurately modelled until timescales on refinancing options are clear. Therefore, it is expected that as part of a revised business plan the company will produce an updated version of financial projections taking account of all variables as far as is reasonably possible.

Refinancing package

- 3.11 The Business Plan identifies a need for HGL to refinance its current portfolio; this would involve agreeing a package with an external fund lender, which would provide cash to repay the on-loans the company currently has from the Council, amounting to around £115m. The Council could then choose to repay its own loans from the Public Works Loans Board (PWLb) early, or re-invest the funds received elsewhere. This would be a decision for the Council and would not involve the company.
- 3.12 The refinancing package will assist the company by providing financial stability over the current portfolio. Currently the company repays Council loans on interest plus capital terms (as necessitated in order to make loans viable for the Council). The company also provides rental on the basis of LHA rates which have been subject to central government pressures through limiting increases below inflation rates. Therefore, as the company's capital loans and repayments have increased to expand its portfolio, the growth of its cash income has been limited.
- 3.13 The company is therefore in a position where it has extreme challenges in raising sufficient cash income to finance its loans repayments. It is important to note that this is not an issue of profitability; due to the increasing value of its portfolio the company retains a healthy profit position. It is a cash flow issue of having sufficient liquid cash funds to finance repayments on a day-to-day basis.
- 3.14 The refinancing packages seek to address this risk through the potential for external funds to offer interest only repayment terms. The company has initiated negotiations with four possible fund providers, which has identified that interest only repayment can be achieved. Interest only payments, based on the broad indicative terms put forward by fund providers, will reduce the actual cash amount the company is required to make on regular repayments, thereby bringing the repayments within the company's cash financing ability.
- 3.15 This will allow HGL to financially stabilise its existing portfolio and continue to utilise that portfolio to provide annual cost avoidance to the Council of circa £1m per year over the course of the business plan. It will also permit the company to then pursue its expansion plans.
- 3.16 It is important to note that to achieve the best terms, and indeed viable terms, of refinancing, external fund providers have indicated they will require the Council to provide a Parent Company Guarantee over HGL's refinanced loans. This is not

considered to increase risks to the Council. The Council's potential exposure would be at the same level as its current loans to the company. The company's portfolio is currently valued at around £126m, greater than the loan it will take on. This can reasonably be expected to increase further over the long-term, providing the ongoing alternative option of portfolio sale should circumstances change again and the company experience further issues.

- 3.17 It is also noted that a Parent Company Guarantee cannot be approved by the Shareholder Board. It is a Council decision and matter, and it is appropriate and important to separate this decision from decisions made as sole shareholder of HGL. A separate report will be developed when full terms and conditions relating to any Parent Company Guarantee have been identified, and the report will be progressed through the appropriate channels under the Council's scheme of delegation.
- 3.18 It is the view of officers however that all options, including the possibility of restructuring its existing loans with the Council, are not fully explored within the business plan. As such, it is not possible to state whether it represents better or worse value for the shareholder compared to restructuring existing loans.
- 3.19 It is recommended that the Shareholder Board instruct the company to return to Board within three months presenting the two potential options of external refinancing and loan restructuring.

Portfolio Expansion

- 3.20 HGL has identified a three-year target of 250 new homes, with the accompanying proposal to diversify the company's portfolio of products. The company estimates this will deliver £1m per annum in cost avoidance for temporary accommodation.
- 3.21 £49.3m of funding to be made available to the company to finance its expansion plans through on-loans from the Council has been approved at Council in February 2019. This will be available for the financial years 2019-21. A further planned £51m has been identified with the capital pipeline for 2022-23 but has not been approved. This would require further approval at Council level.
- 3.22 There is a key dependency for expansion of addressing the company's immediate liquidity risks. The portfolio cannot be expanded until these risks are addressed; therefore, a detailed breakdown of yearly expansion targets cannot be developed until the liquidity solution is in place. A detailed plan will be

requested from the company once the financial situation has been resolved.

Overall conclusions

- 3.26 It is the recommendation of this report that the options presented in the business plan require further development. While there are no objections to company proposals in principle, in the extent that the company has been financed through substantial capital loans of public money, the Council as shareholder bears a responsibility to ensure that the company pursues the best value options for its development.
- 3.27 It is the view of officers that while the business plan presents an effective strategic case for the benefits of a revised finance structure, it does not demonstrate a full case that they represent the best value against all other options, nor the full details as to how potential benefits would be realised.
- 3.29 However, it is also recognised that the company requires a working business plan and endorsement of its overarching activities. It is therefore recommended that Shareholder Board recommend to Cabinet to approve the activities of the company as outlined in the business plan, subject to further development of its proposals and submission of annual expansion targets. It is recommended the company return to a future Shareholder Board with full reports outlining its plans for approval, delivering the assurances and appraisals required by the Council to approve the strategic development of the company.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 No alternative reporting or planning was considered. The company requires a Business Plan to determine its operations for the year.
- 4.2 The alternative option for delegation to the Commercial Director is that all reserve matter decisions would require decision of the Shareholder Board or other committee as appropriate. This is not considered efficient or entrepreneurial and would potentially result in the trading companies requiring greater approval levels than a Council department. The recommendation made will bring the implementation of reserve matters in line with the Council's scheme of delegation.

- 4.3 The key alternative options for refinancing are sale and leaseback, portfolio sale, a working capital loan, restructuring its loans from the Council or to do nothing.
- 4.4 Doing nothing will result in the company becoming insolvent. This would affect the income received from loan repayments and would require the appointment of an administrator, over whom the company, and therefore the Council as shareholder, would not be able to exercise control. This is not therefore recommended as there are other options which address the prevailing cash flow risk, preserve benefits of the company to the Council and retrain control and oversight of the Council's investment.
- 4.5 The Council could provide a working capital loan to the company, prolonging its solvency. However, this would not address structural issues causing the risk of insolvency and would increase the Council's total loan exposure without obtaining any discernible long-term benefit as the company would still be at risk of long-term insolvency. This is not therefore recommended as there are less costly options which better address risks to the company over the long-term.
- 4.6 Sale and leaseback, debt restructuring, and portfolio sale options will be developed and appraised in full prior to the presentation of a revised business plan within the next three months.

5. REASONS FOR RECOMMENDATIONS

- 5.1 The business plan provides a stable basis for the company to continue operating over the next three years and includes clear and measurable proposed benefits to the Council. However, it is responsible use of public money for the Council to ensure that the developments proposed represent the best value options.
- 5.2 The refinancing plan is considered an effective long-term option to address the company's immediate cash flow risks. It will provide financial stability to the company and enable the Council to continue realising annual and long-term value returns from the company through temporary accommodation cost avoidance, company profit and portfolio appreciation. However, in officers' view the business plan does not fully demonstrated that it is the best value option.
- 5.3 Officers in particular consider that the company has not fully explored restructuring options in regard to its loan, and therefore it cannot be said at this time whether refinancing represents a better option than restructuring. Therefore, it is recommended that the company explore this with the Council and return to

Cabinet with a revised business plan within three months. Officers will support this with a working group in collaboration with the company.

- 5.4 The company has a number of reserve matters; these are matters for which the Directors of the company require shareholder approval. The recommended delegation brings the implementation of these approvals in line with the Council's scheme of delegation, ensuring that companies are able to act as responsively as possible while still maintaining oversight appropriate to the use of public funds.
- 5.5 The company currently has a directorial vacancy for which the Council will nominate a director. The next Shareholder Board is several months away, and therefore to ensure the most effective operation of the company board, and the most effective mix of skills, it is recommended that authority be delegated to the Leader to approve the appointment on behalf of the Shareholder Board.

6. COMMENTS FROM OTHER DEPARTMENTS

6.1 Financial Implications

- 6.1.1 The Company's outstanding debt as at 31.03.2019 was £113.9m. The Company currently repays both principal and interest on its loans. This may change depending on the outcome of the current refinancing work.
- 6.1.2 There is currently £51.1m in the Council's approved 4-year Capital programme, available for loan drawdown by the Company, subject to the relevant governance. This includes £1.75m carried forward from 2018/19.
- 6.1.3 A further £51.4m is included in the Council's 'Pipeline projects' schedule. All projects within this list are subject to the relevant Cabinet or Council approval, an assessment of affordability and a review of other Council priorities at the time.

6.2 Legal Implications

- 6.2.1 The Council has a general power of competence under s1(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. Under sections 1(4) and 4 of such Act 2011, the Council can use this general power to do something for a commercial

purpose or otherwise for a charge so long as it does this through a company. In approving the company's business plan, and the associated recommendations proposed in this Report, the Council is acting within its powers.

- 6.2.2 Under company law, a company is limited to acting with the objects set out in its Articles of Association. The Articles of Association for Housing Gateway Limited (HGL), state that the company's objects are unrestricted.
- 6.2.3 The Council is subject to fiduciary duties to act prudently with public money entrusted to it and a general duty to secure best value under the Local Government Act 1999. It should require its trading companies to follow the Council's own procurement rules when awarding contracts to demonstrate best value.
- 6.2.4 One of the options of 'doing nothing' in paragraph 4.4 above, could result in the company becoming insolvent. If a company goes into an insolvent administration or liquidation (insolvent as determined by the balance sheet test, and at some point before then the director knew or ought to have realised that there was no reasonable prospect of avoiding the insolvency, he may be made liable to contribute to the assets of the company: the quantum of liability is at the court's discretion but is assessed by reference to the liabilities incurred and loss to creditors caused by the director's actions (or inaction) after the point at which he knew or ought to have known that there was no reasonable prospect of avoiding the insolvency. This liability is called liability for wrongful trading and is dealt with in [sections 214 and 246ZB](#) of the IA 1986.
- 6.2.5 The court will not make an order for wrongful trading if, knowing there was no reasonable prospect that the company would avoid going into insolvent liquidation or insolvent administration, the director took every step with a view to minimising the potential loss to the company's creditors as he ought to have taken.
- 6.2.6 Under the current reserve matters, the Council as shareholder has a general power under the Articles to direct the directors to take or refrain from taking specified action. In addition, the Articles contain a comprehensive list of matters to be referred to the Council as shareholder. Reserve matters refer to and list various relevant measures on loans, winding up and administration.
- 6.2.7 The reserved matters referred to in paragraph 5.4, above, balance the need for the Council to retain strategic control

with the importance of providing the company with the commercial freedom to maximise its chances of success.

- 6.2.8 When supporting the company, the Council must be mindful of the rules with regard to state aid. 'Aid' in this context means any benefit conferred, not just payments of cash. This could include any services/resources provided by the Council to the company at less than market value.

6.3 Property Implications

Housing Gateway Ltd is not subject to the Council's Constitution which includes the property procedure rules therefore, they are at liberty to dispose of assets in accordance with the company articles alone.

7 KEY RISKS

- 7.1 Due to the company's close association with the Council, poor service provision by the company could have negative reputational effects on the Council. The business plan includes clearly stated operational KPIs which will be reported to the shareholder on a quarterly basis to monitor service provision.
- 7.2 The company has a key financial risk of insolvency. This is detailed above, and the restructuring of the company's financial model is considered the most effective long-term mitigation of this risk.
- 7.3 The business plan identifies a risk that the company and HRA could pursue the same type of properties for acquisition and could compete against each other, which would limit the potential gains to the Council overall. The company indicates that it will seek to work with the HRA to ensure this situation does not arise.
- 7.4 The Managing Director of HGL also holds a key Council post in relation to housing, the main client department for HGL. While there needs to be close working with Housing to ensure the company continues to meet the Council strategic housing needs, governance structures will also need to ensure that potential conflicts of interest between the client and MD roles of the Managing Director are managed and decision-making process have suitable independence and separation of duties.
- 7.5 Future loans to the company will need to continue the Council's history of good compliance and practice in regard State Aid. On-lending agreements will continue to be processed through legal

services, with access through contracts to specialist State Aid advice to ensure compliance.

8 IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD

8.1 Good homes in well-connected neighbourhoods

The company helps to alleviate housing pressures by reducing the pressure on the temporary accommodation budget as well as increasing the availability and affordability of good quality private housing.

8.2 Sustain strong and healthy communities

The company aims to help improve physical and mental health by providing good quality housing for residents who otherwise may be located for longer periods in unstable temporary accommodation.

8.3 Build our local economy to create a thriving place

The company aims to provide good quality homes that have a fair rent, thereby enabling tenants to spend more of their money in the local economy.

9 EQUALITIES IMPACT IMPLICATIONS

There has been no equality Impact assessment completed.

10 PERFORMANCE AND DATA IMPLICATIONS

The Shareholder Board will put in place a formal and robust reporting process between the companies and the Council to ensure they are supporting the Council's aims and objectives.

11 PUBLIC HEALTH IMPLICATIONS

There are no public health implications associated with this report

Background Papers - None

Appendix A – HGL Business Plan 2019-22 – attached to the part two report containing exempt information

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MUNICIPAL YEAR 2019/2020 COVER REPORT

MEETING TITLE AND DATE:

Shareholder Board
25th June 2019

REPORT OF:

Commercial Director

Contact officer and telephone number:

Will Wraxall 0208 379 1265

E mail: will.wraxall@enfield.gov.uk

Agenda – Part:1**Item:**

Subject: Enfield Innovations Ltd business plan 2019-20

Wards: All

Key Decision: 4928

Cabinet Member consulted: Cllr Maguire

1. EXECUTIVE SUMMARY

- 1.1 This cover report summarises the content business plan produced by Enfield Innovations Ltd (EIL), the Council's wholly owned regeneration company.
- 1.2 The business plan focusses primarily on delivering the completion and sale of the Small Housing Sites 1 (SHS1) project.
- 1.3 EIL forecasts a loss at year end, though the company remains in cumulative profit over the course of its life.
- 1.4 This is contingent on realising sufficient value from sales by September 2019 to meet the company's immediate obligations on debt repayment to the Council. The business plan includes a sale for an element of 21 properties for which an offer has been received. This will address the immediate risk of insolvency.
- 1.5 This report presents options for the disposal of the company's portfolio in order to achieve value for the Council. The option assessed as the best overall commercial decision is a split strategy which retains 21 properties within the social sector and achieves an overall positive financial value. The split strategy covers bulk sale of 21 units to a housing association, and individual market sales of the remaining 19 properties.
- 1.6 Cabinet approved in July 2017 the sale of the 57 properties in which EIL maintained an interest. 17 of these properties have been sold to the HRA. The disposal strategy for the remaining 40 properties is set out within the Business Plan.

2. RECOMMENDATIONS

- 2.1 To recommend to Cabinet to approve the EIL Business Plan for 2019-20.
- 2.2 To request the company circulate a monthly sales update report to the Shareholder Board, reporting on the sales achieved each month against the targets stated within the Business Plan 2019-20.
- 2.2 To recommend to Cabinet delegation of authority to the Council's Commercial Director to act as representative of the Council's shareholder function and make decisions on shareholder reserve matters relating to the delivery of the approved EIL Business Plan, where such decisions would not require Member approval if applied to a Council department under the Council's scheme of delegation.

3. BACKGROUND

- 3.1 The Shareholder Board was created as a sub-committee of Cabinet in 2018, with the aim of acting as a point of single oversight and governance support to the Council's trading companies.
- 3.2 In its role as shareholder, the Board is required to review EIL's business plan. Authority to approve the Business Plan remains with Cabinet.
- 3.3 The Shareholder Board has engaged with officers and company directors in both February and April 2019 to provide guidance to the companies on its preferred strategic direction. The company has developed its final business plan in accordance with the given direction, and now presents the plan for approval. The company has prepared the plan in accordance with the priorities identified by the shareholder, and in the required format. The plan covers the period April 2019 – March 2020 and will be updated on a rolling annual basis. Shareholder Board is due to consider the first such rolling update in February 2020, prior to the next financial year.

Objectives and risks

- 3.4. The central objective of the business plan is to complete the SHS1 project and realise a cumulative company profit through sale of the 40 completed properties. This will close off the

project and allow the company to either return profits to the Council or invest in further business opportunities.

- 3.5 The main risk to this objective is company solvency. Due to delay of completion on the SHS1 project, the company has not been able to sell its properties at the originally envisioned time. While there was contingency for delay in the business plan, the company is approaching a critical stage; without sufficient sales by September 2019, the company is at risk of insolvency and being unable to fund its loan repayments to the Council.
- 3.6 The disposal options outlined below identify challenges and ways to address this risk. Alongside this, officers are working closely with EIL colleagues to identify clear, agreed, State Aid compliant contingency plans to protect the Council's investment should the company be unable to realise sufficient value by September 2019. Agreed arrangements will be reported in full through the appropriate Council process as determined by the scheme of delegation.

Disposal Options

Bulk sale to the HRA or Housing Gateway (HGL)

- 3.7 As per the Shareholder Board's request during the planning process, company officers worked with Housing Finance to determine whether the HRA would be able to purchase the properties.
- 3.8 The outcome was that a bulk sale would not be viable under the HRA's criteria. The HRA has a maximum price cap to enable viable returns from properties and many of the SHS1 properties are above this limit. Appendix Two identifies that bulk sale option for the HRA has a negative net present value and would therefore be equivalent to a current loss to the HRA.
- 3.9 The same scenario exists for HGL, which also has staggered price caps for one, two and three bed homes respectively. The properties within the SHS1 development exceed these values; therefore, purchase of the properties by HGL could cause significant affordability risks for HGL.
- 3.10 This highlights a general risk on bulk sale, which is that SHS1, though packaged as one development project, consists of five separate developments and a wide range of property types and values. For example, some properties within the Forty Hill segment of the project are valued well above the viability criteria of both the HRA and HGL. The diversity of the portfolio for disposal is a challenge to finding a bulk buyer generally, as

many operators within the housing industry specialise in particular types and/or values of homes.

- 3.11 Bulk sale to the HRA or HGL would mitigate EIL's risk of failing to sell, would ensure prompt disposal of the full portfolio, and would increase the supply of social housing available through the Council. However, the prohibitive cost of the properties would create significant affordability issues for either the HRA or HGL and would therefore place the delivery of other key Council housing services under substantial risk. It is therefore not considered an effective overall commercial decision for the Council as shareholder.

Bulk sale to the private market

- 3.12 EIL has previously attempted to dispose of properties in bulk through the private market. The company conducted a sales exercise from September to December 2018, which resulted in two viable offers for the full portfolio. However, one offer was subsequently revised by the buyer to a lower amount which the company could not accept, as it would not have covered the company's liabilities, leaving it in a loss-making position.
- 3.13 The second offer was subsequently withdrawn in March 2019 due to an unexpected change in the buyer's investment criteria.
- 3.14 Finding a bulk buyer through the private market is challenging due to prevailing market conditions. Year-on-year house prices in London had decreased by 1.9% in March 2019 (figures from Office of National Statistics). This coupled with general uncertainty over Brexit implications for housing has rendered it difficult to find a buyer at a viable price, as is shown by the failure to conclude an offer through the previously undertaken process. While the benefits of this option are the potentially faster disposal of the full portfolio, this option is considered to have a significantly high risk of failure, and is highly unlikely to be achievable by September 2019, the critical moment for the company. This option is not therefore recommended to the Shareholder Board.

Individual Sales

- 3.15 The company has also considered individual sales of properties. This returns a positive net present value to the HRA, as well as expected profit to the company, thereby realising a net value benefit to the Council.
- 3.16 However, this carries some significant attached risk. The property market is currently poor for sales, and therefore expected values achieved may not be accurate. Additionally, the

company has a critical cash flow point approaching at September 2019, and there is no guarantee that sufficient properties will be sold by September to fund the company's loan repayment due at this point.

- 3.17 This is therefore considered to be a less effective overall commercial decision than the final option of split sales, which delivers a net benefit (though less than individual sales), but also mitigates the immediate cash flow risks for the company.

Split sale between housing association and subsequent individual sales

- 3.18 The company has received an offer for 21 properties from a housing association which it considers to be market value for those properties. Conclusion of this offer would enable EIL to dispose of just over half the portfolio of 40 properties on or shortly after practical completion and extend its solvency significantly beyond September 2019. The Council is negotiating with the association to obtain both primary and secondary nomination rights to these properties, to provide extended benefit to the shareholder.
- 3.19 The company intends then to dispose of the remaining properties to the market individually. The Business Plan includes monthly sales targets leading up to disposal of final properties in December 2019; as identified above, the conditions of the property market are not conducive for sales at the current time, and the timetable set by the company may be challenging to deliver. However, there may be some scope to review plans to sell properties individually, provided that the sale to the housing association is realised by September 2019.
- 3.20 While the split sale proposal does not retain properties within the Council or its companies, the current offer from the housing association does retain 21 properties within the social sector, helping to reduce the potential homelessness burden on the Council, particularly if nomination rights can be successfully agreed with the association. This is considered preferable to private sale. While it does not minimise disposal risk through sale of the full portfolio, a successful sale will remove the immediate risk of insolvency and realise market value for the 21 properties sold; the removal of immediate insolvency risk is an important benefit to the Council commercially.
- 3.21 It should be noted that the net present value of the split sale is also negative for the HRA. Therefore, it also represents an effective current loss to the HRA. However, it results in a corresponding increase in expected EIL profit, thereby offsetting loss in value to the HRA over both full bulk sale and full

individual sale, and retains some properties within the social sector, thereby achieving greater social value. It also does not incur direct risk for other Council services or companies. The sale to a housing association is therefore considered the best short-term commercial decision for the Council as shareholder.

- 3.22 It is important to note that the latter part of the proposal (individual sales) carries some risks. The property market is challenging and there is likely to be little margin for flexibility in achieving sufficient value to realise a profit on the development. The timetable which the company has set is also ambitious and may have a high chance of setback considering the condition of the property market. Though it is considered better to aim for an ambitious disposal timetable, it should be acknowledged that market conditions may lead to some sales passing beyond the planned end date. Private sales also may not contribute to the social housing sector and may therefore carry less social value for the borough than other disposal routes.
- 3.23 It is therefore recommended that Shareholder Board approve a split sale strategy with the initial sale of 21 properties to the housing association as per the current offer the company has received.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 No alternative reporting or planning was considered. The company requires a Business Plan to determine its operations for the year.
- 4.2 The alternative option for delegation to the Commercial Director is that all reserve matter decisions would require decision of the Shareholder Board or other committee as appropriate. This is not considered efficient or entrepreneurial and would potentially result in the trading companies requiring greater approval levels than a Council department. The recommendation made will bring the implementation of reserve matters in line with the Council's scheme of delegation.
- 4.3 The key alternative options for disposal are set out in paragraphs 3.7 to 3.17 above, and within Appendices two and three of the Business Plan.

5. REASONS FOR RECOMMENDATIONS

- 5.1 The most significant risk to achievement of the company's objectives is the immediate risk of insolvency in September 2019 should insufficient sales be realised. The recommendation made is the option which best addresses this risk without causing further risks to other key Council services or trading companies.

- 5.2 The company has a number of reserve matters; these are matters for which the Directors of the company require shareholder approval. The recommended delegation brings the implementation of these approvals in line with the Council's scheme of delegation, ensuring that companies are able to act as responsively as possible while still maintaining oversight appropriate to the use of public funds.

6. COMMENTS FROM OTHER DEPARTMENTS

6.1 Financial Implications

- 6.1.1 The company's outstanding loan as at 31.03.2019 was £12.2m. The repayment of this is subject to the disposal of the current remaining properties.
- 6.1.2 With the split sale option, which includes the forecast completion of individual sales by December 2019, the company will be able to pay off the outstanding loan by December 2019. Should there be any delays to the current sales forecast, the Council and company will need to agree refinancing options

HRA Implications

- 6.1.3 The proposal to sell 21 properties to a housing association and the remaining 19 on the private market as individual sales, results in an estimated loss of income to the HRA of c. £430k. This change sees the NPV reduce from a positive £183k to a negative £260k. The original expected sales value was £18.2m (selling 40 properties on the private market individually) but this change shows a reduction in sales income to £17.8m. The shortfall of sales income will be funded from HRA reserves.
- 6.1.4 The individual sales are expected to complete in 2019-20, If there are delays in the sales this will need to be modelled into the HRA 30-year Business Plan.

6.2 Legal Implications

- 6.2.1 The Council has a general power of competence under s1(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. Under sections 1(4) and 4 of such Act 2011, the Council can use this general power to do something for a commercial

purpose or otherwise for a charge so long as it does this through a company. In approving the company's business plan, and the associated recommendations proposed in this Report, the Council is acting within its powers.

- 6.2.2 Under company law, a company is limited to acting with the objects set out in its Articles of Association. The Articles of Association for EIL, state that the company's objects are unrestricted.
- 6.2.3 The Council is subject to fiduciary duties to act prudently with public money entrusted to it and a general duty to secure best value under the Local Government Act 1999. It should require its trading companies to follow the Council's own procurement rules when awarding contracts to demonstrate best value.
- 6.2.4 The reserved matters referred to in paragraph 5.2, above, balance the need for the Council to retain strategic control with the importance of providing the company with the commercial freedom to maximise its chances of success.
- 6.2.5 When supporting the company, the Council must be mindful of the rules with regard to state aid. 'Aid' in this context means any benefit conferred, not just payments of cash. This could include any services/resources provided by the Council to the company at less than market value.

6.3 Property Implications

Enfield Innovations Ltd is not subject to the Council's Constitution which includes the property procedure rules therefore, they are at liberty to dispose of assets in accordance with the company articles alone.

7 KEY RISKS

- 7.1 There is a reputational risk to the Council if the company is unsuccessful or records a loss because of failure to realise value of SHS1 properties, as the project was initiated and developed by the Council. The business plan identifies actions for the company to liaise with the Council's press team to ensure they are prepared for any arising issues.
- 7.2 For the company there is a significant risk of insolvency in September 2019 should insufficient sales be realised by this time. The main recommendation set out above addressed this

risk through a successful sale, and additionally officers are working with EIL colleagues to identify State Aid compliant contingency plans in the event that unforeseen events render the recommended sale unsuccessful.

- 7.3 There is a risk that properties are not completed on time for sale, as the project has been significantly delayed before. The completion date is currently expected in July. Officers are not aware of any reason to believe that further delays are likely, however there remains regular liaison with EIL colleagues to ensure any issues are raised promptly.
- 7.4 Individual sales may have some risks associated in terms of delays and value which are outlined above in paragraph 3.18. EIL has in its business plan supplied a clear timetable, including income targets, to achieve disposal of all properties, thereby providing the shareholder an effective way to monitor progress. Should the shareholder approve the sales plan, then the progress against that stated in the business plan will be regularly reported to the Board.

8 IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD

8.2 Good homes in well-connected neighbourhoods

EIL has developed a number of properties to supply to different elements of the housing sector, to provide more supply of good quality housing in Enfield.

8.3 Sustain strong and healthy communities

EIL's new build houses are good quality and will enable residents to achieve a high quality of life and health in their homes and communities. The small-scale developments have regenerated formerly low quality areas of land in communities.

8.4 Build our local economy to create a thriving place

The company aims with its sale to provide housing supply to a local housing association, creating affordable housing solutions within the local area to benefit the local economy.

9 EQUALITIES IMPACT IMPLICATIONS

There has been no equality Impact assessment completed.

10 PERFORMANCE AND DATA IMPLICATIONS

The Shareholder Board will put in place a formal and robust reporting process between the companies and the Council to ensure they are supporting the Council's aims and objectives.

Regular reports will draw on the information provided in business plans to assess progress throughout the year.

11 PUBLIC HEALTH IMPLICATIONS

There are no public health implications associated with this report

Background Papers – None

Appendix A – EIL Business Plan 2019-20 – appended to the part two report.

THE CABINET

Draft list of Items for future Cabinet Meetings
(NOTE: The items listed below are subject to change.)

MUNICIPAL YEAR 2019/2020

SEPTEMBER 2019

- 1. Quarterly Revenue Monitoring (including HRA) 2019/20 Quarter 1** Fay Hammond

This will update Cabinet on the revenue monitoring position as at the end of the first quarter (April – June). **(Key decision – reference number 4944)**
- 2. Quarterly Capital Monitoring 2019/20 Quarter 1** Fay Hammond

This will update Cabinet on the capital monitoring position as at the end of the first quarter (April – June). **(Key decision – reference number 4943)**
- 3. Overview and Scrutiny Committee Work Programme 2019/2020** Ian Davis

This will present the Overview and Scrutiny Committee Work Programme 2019/20 for recommendation to Council. (Non key)
- 4. Transition of Children Leaving Care Scrutiny Work Stream** Ian Davis

This will present the report of the Transition of Children Leaving Care Scrutiny Work Stream. (Non key)
- 5. Tranche 2a Investment Decision** Fay Hammond

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)**
- 6. Meridian Water Compulsory Purchase Order (CPO)** Sarah Cary

This will seek agreement to a compulsory purchase order to enable strategic infrastructure for Meridian Water. **(Key decision – reference number 4832)**
- 7. Update Strategy and Approach to Delivering Pupil Places** Tony Theodoulou/
Fay Hammond

This will provide an update on the strategy and approach to delivering pupil places. **(Key decision – reference number 4893)**

8. IWE Management Fees Uplift Tony Theodoulou

This will seek approval to an IWE management fees uplift. **(Key decision – reference number 4935)**

OCTOBER 2019

1. Quarterly Corporate Performance Report Fay Hammond

This will present the quarterly corporate performance report. (Non key)

2. Compulsory Purchase Order for the Redevelopment of The Montagu Industrial Estate Sarah Cary

This will seek approval of the Compulsory Purchase Order (CPO) and amended capital budget to cover the estimated CPO cost, demolition, remediation and on-going vacant property management as part of the Montagu Industrial Estate Redevelopment. **(Key decision – reference number 4873)**

3. Parking Strategy Sarah Cary

This will review all of the car parks controlled in the Borough. **(Key decision – reference number 4818)**

4. Meridian Water Financial Review Sarah Cary

This will provide an update for Members. **(Key decision – reference number 4469)**

5. Meridian Water Employment Strategy Sarah Cary

This will seek approval to the employment strategy for Meridian Water. **(Key decision – reference number 4881)**

6. Meridian Water Business Plan Sarah Cary

This will seek approval to the creation of a Meridian Water business plan. **(Key decision – reference number 4953)**

6. Internal Audit Shared Service for Enfield and Waltham Forest Councils Ian Davis

The London Boroughs of Enfield and Waltham Forest propose to develop a shared service for Internal Audit and Anti-Fraud. This will set out the preferred model for implementation and seek Member approval. **(Key decision – reference number 4824)**

7. Joyce Avenue and Snells Park Estate Regeneration Sarah Cary

This will update on progress with potential housing schemes in the Housing Zone Edmonton Futures. **(Key decision – reference number 4590)**

NOVEMBER 2019

1. Joint Health and Wellbeing Strategy Tony Theodoulou

This joint strategy will set out how the local system will work together to improve the health and wellbeing of the local community and reduce health inequalities. **(Key decision – reference number 4852)**

2. Meridian Water – Meridian Two Developer Sarah Cary

This will seek approval to the procurement to appoint the Meridian Two Developer. **(Key decision – reference number 4952)**

DECEMBER 2019

1. Housing Allocations Scheme 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. Temporary Accommodation Placement Policy Sarah Cary

This policy will explain how the Council will assist homeless households in finding accommodation. **(Key decision – reference number 4676)**

3. Housing Strategy Sarah Cary

This strategy will set out how the council will deliver an ambitious new approach to housing and good growth in Enfield. **(Key decision – reference number 4841)**

4. Preventing Homelessness Strategy Sarah Cary

This will set out how the council will help to prevent homelessness. **(Key decision – reference number 4809)**

JANUARY 2020

1. Quarterly Corporate Performance Report Fay Hammond

This will present the quarterly corporate performance report. (Non key)

FEBRUARY 2020

MARCH 2020

APRIL 2020

1. Quarterly Corporate Performance Report

Fay Hammond

This will present the quarterly corporate performance report. (Non key)

SHAREHOLDER BOARD - 25.6.2019**MINUTES OF THE MEETING OF THE SHAREHOLDER BOARD HELD ON TUESDAY, 25TH JUNE, 2019**

MEMBERS: Councillors Nesil Caliskan (Leader of the Council), Ian Barnes (Deputy Leader of the Council), Alev Cazimoglu (Cabinet Member for Health & Social Care), Mary Maguire (Cabinet Member for Finance & Procurement) and Gina Needs (Cabinet Member for Social Housing)

Officers:

Nicky Fiedler (Director - Commercial), Matt Bowmer (Interim Director of Finance), Claire Paine (Legal Services) and Will Wraxall (Shareholder and Commercial Partnerships Manager), Jacqui Hurst (Governance and Scrutiny Team)

Also Attending:

Councillor Tim Leaver (for Housing Gateway Ltd.)
Mark Bradbury (for Enfield Innovations Ltd.)
Jayne Clare and Ian Guest (for Energetik)

1. APPOINTMENT OF CHAIR FOR THE MUNICIPAL YEAR 2019/2020

AGREED that Councillor Nesil Caliskan (Leader of the Council) be appointed as Chair of the Shareholder Board for the municipal year 2019/20.

2. APOLOGIES FOR ABSENCE AND CHANGE IN THE ORDER OF THE AGENDA

There were no apologies for absence.

Councillor Nesil Caliskan (Leader of the Council) advised Members that the order of the agenda would be varied to enable the part one and part two reports of each company to be considered together. The press and public were excluded from the meeting for the discussion of the part two reports. The minutes follow the order of the published agenda.

NOTED that Officers and Company Representatives should attend for the start of the meeting and be present for the consideration of their reports as appropriate.

3. DECLARATION OF INTERESTS

There were no declarations of interest from members of the Shareholder Board in respect of any item listed on the agenda.

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Matt Bowmer (Interim Director of Finance) advised Members of his roles with Enfield Innovations Ltd. and Housing Gateway Ltd. Future meetings would be attended by the Executive Director – Resources.

4. ENFIELD INNOVATIONS LTD. BUSINESS PLAN 2019-20

Councillor Mary Maguire (Cabinet Member for Finance and Procurement) introduced the report of the Director – Commercial (No.11) summarising the content of the business plan produced by Enfield Innovations Ltd. (EIL), the Council's wholly owned regeneration company.

NOTED

1. That Report No.16 also referred as detailed in Minute No.12 below.
2. That the Business Plan covered a period of one year. In July 2017, Cabinet had approved the sale of the 57 properties in which EIL maintained an interest. 17 of these properties had been sold to the HRA. The disposal strategy for the remaining 40 properties was set out within the Business Plan, Report No.16, Minute No.12 below referred. It was recommended that Cabinet approve the Business Plan, as detailed in decision 1 below.
3. That a detailed discussion took place on the proposals for the 40 remaining properties as set out in the report. Mark Bradbury, Managing Director for Enfield Innovations Ltd., was present for this item and provided clarity on the proposed way forward regarding the disposals in response to questions raised by Members. The timescales and risks were noted, as detailed in the report. Members noted the proposals for the sale of properties to a housing association. The additional information provided at the meeting that now two properties would be sold to the HRA. Members sought clarification on where the substitution on the HRA properties would be from. The remaining properties to be sold individually, as set out in the report. The nomination rights and rental schemes to be offered were discussed, Minute No.12 also referred, with a detailed discussion in part two containing exempt information.
4. That the business plan would be updated in the light of recent developments, as outlined in discussion, prior to its submission to Cabinet for approval (Minute No.12 below also referred).
5. That a monthly sales update report would be circulated to the Shareholder Board as detailed in decision 2 below.

Alternative Options Considered: NOTED the following options which had been considered:

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1. No alternative reporting or planning had been considered. The company required a Business Plan to determine its operations for the year.
2. The alternative option for delegation to the Commercial Director was that all reserve matter decisions would require decision of the Shareholder Board or other committee as appropriate. This was not considered efficient or entrepreneurial and would potentially result in the trading companies requiring greater approval levels than a Council department. The recommendation made would bring the implementation of reserve matters in line with the Council's scheme of delegation.
3. The key alternative options for disposal were set out in paragraphs 3.7 to 3.17 of the report and within the Business Plan (containing exempt information).

DECISION: The Shareholder Board agreed to

1. Recommend to Cabinet to approve the EIL Business Plan for 2019-20, subject to the amendment reported at the meeting that two properties would be sold to the HRA.
2. Request the company circulate a monthly sales update report to the Shareholder Board, reporting on the sales achieved each month against the targets stated within the Business Plan 2019-20.
3. Recommend to Cabinet delegation of authority to the Council's Commercial Director to act as representative of the Council's shareholder function and make decisions on shareholder reserve matters relating to the delivery of the approved EIL Business Plan, where such decisions would not require Member approval if applied to a Council department under the Council's scheme of delegation.

Reason: To best address the potential risk of insolvency without causing further risks to other key Council services or trading companies. To bring required approvals in line with the Council's scheme of delegation. Section 5 of the report referred.

5. INDEPENDENCE AND WELLBEING ENFIELD - BUSINESS PLAN 2019-22

NOTED, that this item had been withdrawn.

6. ENERGETIK - OPERATING PLAN 2019-22

Councillor Mary Maguire (Cabinet Member for Finance and Procurement) introduced the report of the Director – Commercial (No.13) summarising the content of Energetik's operating plan for the period 2019-22.

NOTED

SHAREHOLDER BOARD - 25.6.2019

1. That Report No.18 also referred as detailed in Minute No.14 below.
2. That the operating plan identified Energetik's key objectives over three years. The plan was presented for Members to note as set out in decision 1 below.
3. The full financial details would be presented to Cabinet in due course for approval as part of the revisions to the 40 year business plan included within the Tranche 2 funding decision, as set out in the report and in decision 2 below.
4. Members noted the operating plan and agreed the recommendations as set out in the decisions below. A detailed discussion took place in part two of the meeting, containing exempt information, as referred to in Minute No.14 below.

Alternative Options Considered: NOTED, the following alternative options which had been considered:

1. No alternative reporting or planning had been considered. The company required an operating plan to enable achievement of its approved Business Plan.
2. The alternative option for delegation to the Commercial Director was that all reserve matter decisions would require decision of the Shareholder Board or other committee as appropriate. This was not considered efficient or entrepreneurial and would potentially result in the trading companies requiring greater approval levels than a Council department. The recommendation made would bring the implementation of reserve matters in line with the Council's scheme of delegation.

DECISION: The Shareholder Board agreed to

1. Note the company's Operating Plan 2019-22.
2. Note that full financial details would be presented to Cabinet for approval as part of revisions to the 40-year business plan included within the Tranche 2 funding decision.
3. Delegate to the Council's Commercial Director the authority to act as representative of the Council's shareholder function and make decisions on shareholder reserve matters relating to the delivery of the approved Energetik Business or Operating Plans, where such decisions would not require Member approval if applied to a Council department under the Council's scheme of delegation.

Reason: The Board was required to approve company Business Plans. Energetik operated a two-tier planning process, as set out in paragraph 5.1 of the report. To bring required approvals in line with the Council's scheme of delegation, as set out in paragraph 5.2 of the report.

SHAREHOLDER BOARD - 25.6.2019**7. HOUSING GATEWAY LTD. (HGL) - BUSINESS PLAN 2019-22**

Councillor Mary Maguire (Cabinet Member for Finance and Procurement) introduced the report of the Director – Commercial (No.14) summarising the content of the Housing Gateway Ltd. (HGL) business plan for 2019-22.

NOTED

1. That Report No.19 also referred as detailed in Minute No.15 below.
2. The key strategic objectives and risks of the company as set out in section 3 of the report.
3. The financial projections, refinancing package and portfolio expansion as set out in section 3 of the report and Report No.19 as detailed in Minute No.15 below. Progress against strategic objectives would be reported quarterly to the Shareholder Board.
4. As detailed in decision 1 below, a further report would be presented to the Shareholder Board for approval on the forward financial structure based on a full options appraisal, and the submission of clear annual expansion targets.
5. The timescales for the preparation and recommendation of the re-financing options.
6. Councillor Tim Leaver, as the Council representative for Housing Gateway Ltd. was in attendance for this item. Councillor Leaver outlined the priorities and objectives of Housing Gateway Ltd. and set out in detail the progress that had been made to date on the future financing options which would be brought back to the Shareholder Board in due course for approval. Further clarification was required going forward regarding best value; the required timescales; and, the Council's intentions with regard to financial options (Report No.19, Minute No.15 below also referred).
7. In response, Members were advised on the financial assessments currently being undertaken by the Council; and, the Financial Regulations that were being developed nationally for Local Authorities to adhere to. This work was still ongoing and further advice and clarity would be sought and developments reported back to the Shareholder Board in due course.
8. That the Board agreed the following decisions subject to their consideration of the part two report and to note that further information would be presented to the Board in due course for agreement.

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Alternative Options Considered: NOTED, the detailed alternative options which had been considered as set out in section 4 of the report.

DECISION: The Shareholder Board agreed to

1. Recommend to Cabinet to approve the activities detailed in the HGL Business Plan for 2019-22, subject to presentation of a further report for approval of the forward financial structure based on a full options appraisal, and the submission of clear annual expansion targets.
2. Recommend to Cabinet to delegate authority to the Shareholder Board to approve the future reports detailed in decision 1 above.
3. Recommend to Cabinet to delegate to the Council's Commercial Director the authority to act as representative of the Council's shareholder function and make decisions on shareholder reserve matters relating to the delivery of the approved HGL Business Plan, where such decisions would not require Member approval if applied to a Council department under the Council's scheme of delegation.
4. Delegate to the Leader of the Council the authority to approve an appointment to the current vacant position on the HGL Board.

Reason: The detailed reasons for the recommendations were as set out in section 5 of the report.

8. SHAREHOLDER BOARD WORK PLAN

Councillor Nesil Caliskan (Leader of the Council) introduced the report of the Director – Commercial (No.15) identifying the intended items and work for the Shareholder Board during the 2019-20 municipal year.

NOTED

1. The revisions to the work plan as outlined in the report. An additional formal meeting of the Board had been scheduled to take place on 2 October 2019.
2. That a report on the Tranche 2 funding for Energetik was due to be considered at the September Cabinet meeting.

Alternative Options Considered: NOTED, that the schedule could remain the same. However, this was not considered to be effective for the reasons outlined in paragraphs 3.3 to 3.7 of the report.

DECISION: The Shareholder Board agreed to approve the amendments to the proposed work plan.

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Reason: The forward plan included all known items which the Board would be required to decide during the year, as well as time for the Board to shape and influence the direction of companies and ensure they continued to meet Council priorities.

9. MINUTES OF PREVIOUS MEETING

AGREED that the minutes of the meeting of the Shareholder Board held on 2 April 2019 be confirmed and signed by the Chair as a correct record.

10. DATES OF FUTURE MEETINGS

AGREED that an additional formal meeting of the Shareholder Board be scheduled to take place on Wednesday 2 October 2019 at 7.00pm.

NOTED that future formal meetings of the Shareholder Board were scheduled to take place on:

1. Wednesday 27 November 2019 at 7.00pm
2. Wednesday 1 April 2020 at 7.00pm

11. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED in accordance with Section 100(A) of the Local Government Act 1972 to exclude the press and 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 relating to the financial or business affairs of any particular person (including the authority holding that information) of Part 1 of Schedule 12A (as amended by the Local Government (Access to Information) (Variation) Order 2006).

NOTED, as detailed in Minute No.2 above, the exclusion of the press and public was applied at various points in the meeting to facilitate the discussion of the part two reports.

12. ENFIELD INNOVATIONS LTD. BUSINESS PLAN 2019-20

Councillor Mary Maguire (Cabinet Member for Finance and Procurement) introduced the report of the Director – Commercial (No.16).

NOTED

1. That Report No.11 also referred as outlined in Minute No.4 above. A detailed discussion took place on the proposals for disposing of the remaining properties as set out in the Business Plan. Recent developments outlined to Members at the meeting would be

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incorporated within the Business Plan prior to its consideration and approval at Cabinet. Discussions were ongoing on future issues relating to the properties in question, including sale and nomination rights. Members also noted the financial implications as set out in the report and business plan.

2. The timescales and risks as outlined in the report and outlined in detail in discussion.
3. The discussions that were ongoing and the clarification sought on the split in the number of the properties for the options being taken forward. The business plan would be updated to reflect the latest position. The rationale for the preferred options for the properties in question would also be addressed.

Alternative Options Considered: As detailed in Minute No.4 above and section 4 of the report.

DECISION: As detailed in Report No.11, Minute No.4 above referred.

Reason: As detailed in Minute No.4 above and section 5 of the report.

13. INDEPENDENCE AND WELLBEING ENFIELD LTD. (IWE) - BUSINESS PLAN 2019-22

NOTED, that this item had been withdrawn.

14. ENERGETIK - OPERATING PLAN 2019-22

Councillor Mary Maguire (Cabinet Member for Finance and Procurement) introduced the report of the Director – Commercial (No.18).

NOTED

1. That Report No.13 also referred as detailed in Minute No.6 above.
2. Jayne Clare and Ian Guest (Energetik) attended for this item and a detailed discussion took place on the main issues and developments for Members' consideration and information.
3. The connection, customer details and performance details as outlined in the report.
4. The content of the operating plan.
5. The developments and work currently being undertaken regarding future funding options for Energetik. Full financial details would be presented to Cabinet in due course for consideration and approval.

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6. Members were provided with detailed information on a review of Energetik covering the period March 2018 to March 2019.
7. In response to questions raised, a discussion took place regarding the issue of fuel poverty and affordability for customers of Energetik. Members were provided with detailed information on the pricing mechanisms, the regular reviewing processes, and agreements in place. Detailed information would also be provided within the Business Plan.
8. The long-term objectives of Energetik and the potential future developments. The significant progress being made and the national initiatives coming forward were outlined to Members.
9. The financial complexity of the company in moving forward and the reasons for this.
10. Members thanked Jayne Clare and Ian Guest for their informative update and discussion.

Alternative Options Considered: As detailed in Report No.13, Minute No.6 above refers.

DECISION: As detailed in Report No.13, Minute No.6 above refers.

Reason: As detailed in Report No.13, Minute No.6 above refers.

15. HOUSING GATEWAY - BUSINESS PLAN 2019-22

Councillor Mary Maguire (Cabinet Member for Finance and Procurement) introduced the report of the Director – Commercial (No.19).

NOTED

1. That Report No.14 also referred as detailed in Minute No.7 above.
2. That Members requested a further informal briefing on the Business Plan, as discussed at the meeting, prior to its consideration by Cabinet.

Alternative Options Considered: As detailed in Report No.14, Minute No.7 above referred.

DECISION: As detailed in Report No.14, Minute No.7 above referred.

Reason: As detailed in Report No.14, Minute No.7 above referred.

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LOCAL PLAN CABINET SUB-COMMITTEE - 27.6.2019

**MINUTES OF THE MEETING OF THE LOCAL PLAN CABINET SUB-COMMITTEE
HELD ON THURSDAY, 27 JUNE 2019**

COUNCILLORS

PRESENT Mary Maguire, Nesil Caliskan (Leader of the Council), Gina Needs, George Savva MBE and Claire Stewart

ABSENT Mustafa Cetinkaya and Ahmet Hasan

OFFICERS: Harriet Bell (Heritage Officer), May Hope (Local Plan Lead), Neeru Kareer (Interim Head of Strategic Planning & Design) and Christine White (Heritage and Urban Design Manager) and Metin Halil (Committee Administrator)

**ALSO
ATTENDING:** Simon Allin – Enfield Independent
2 Members of the Public

**1
APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**2
DECLARATION OF INTERESTS**

There were no declarations of interest.

**3
URGENT ITEMS**

There were no urgent items.

**4
HERITAGE STRATEGY**

The Sub-Committee received a covering report and the Adoption Draft of Enfield's Heritage Strategy.
(Report No.38)

NOTED

1. The Chair, Councillor Maguire and Councillor Savva had been consulted on the Heritage Strategy.

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2. The strategy was circulated to Members of the Committee in advance of the publication of the agenda and therefore all Members of the Local Plan Cabinet Sub-Committee had sight of the paper.

The following points were highlighted:

- The Heritage Strategy concluded the consultation period in February 2019. There was quite an extensive consultation period which was via many different channels both through Community Groups, Councillors, individuals. The public consultation was approved by the Local Plan Cabinet Sub-Committee (LPCSC) on the 24th October 2018. Public Consultation ran for a 12-week period, alongside consultation on the new draft Local Plan. Extensive public engagement included presentation to area ward forums and community organisations across the Borough.
- Since the end of consultation, officers and members have been working to finalise the Heritage Strategy. It is a new document and is a 5-year strategy. The last time the Council had a Heritage Strategy was in 2008 and is right and proper that the Council should have a fresh Heritage Strategy that covers the whole borough.
- Members attention was drawn to page 20 of the report which details a very helpful chart. There are 2 key documents that are long term views in terms of the plans for the Borough and the Council's overall strategy to being able to deal with growth and anticipated growth for the Borough:
 - a. The Local Plan – that is being developed and is in the process of consultation and that is in the context of the London Plan that is also currently being developed at a London level from the Mayor's Office.
 - b. The Core Strategy from 2010.
- The Local Plan and Core Strategy are the two overarching long-term planning documents for the Borough. The Heritage Strategy is one of the sub-documents that helps provide detail for the overall strategic direction that is provided in those 2 core strategies.
- Heritage is very important for the Borough and are we very fortunate both in terms of the assets within the Borough but also assets in terms of open spaces for example. Given that the Council is about to embark on a period where there will be growth, which will happen with or without the Council's input. It is important that there is good growth for the Borough, as it is growth that will benefit local people. Protecting heritage and shaping the Borough accordingly will be very important.
- The Heritage Strategy is very much welcomed and comes at a time where other key planning policy is being developed and set out. That will determine the way growth happens for the next 5, 10 and 20 years as well.

NOTED

1. Officers were congratulated for their hard work during the consultation period. They were eager to reach as many people as possible especially in the east of borough. The Heritage strategy is an important

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document and was very encouraging to see that a lot of people had responded. It is about keeping the Borough's heritage intact and to see heritage moving forward and to keep buildings of heritage.

2. The important thing about the Heritage Strategy is that it does fit in with the Local Plan and is right and proper to look at it again as it was looked at previously in 2008. Its not only about old buildings/paintings, its about other types of our heritage like industrial heritage and is important to people who have lived and worked in the Borough. It is also about the heritage of people that have come and made their homes in the Borough. We should try and find a way of honouring the heritage an maybe a slightly different way and this document would allow us to do that by looking at all the differing cultures and heritages we have.

3. In response to members enquiries about the use of Section 106 and a proportion of the Community Infrastructure Levy (CIL) for community benefit, officers clarified. There are several ways funding could be accessed and having a confirmed up to date Heritage Strategy in place is very important to being able to justify leveraging in additional funds.

Section 106 agreements are made during the process of planning applications and are there to satisfy the impact the development may have. The section can lever in section 106 monies towards community benefit to make an unacceptable development, acceptable. As set out in the Section 106 SPD, there is a list of priorities and at the top is affordable housing and below that are other statutory area's like transportation, education, infrastructure and health. Further down the list there are softer infrastructure items like community infrastructure and heritage. If development monies can be justified for use to enhance heritage assets or parks, then the service will do so. But the pressure on development viability often means that as you go down the list and ask for monies, those items are further down in the pecking order.

The advantage with CIL is that 15-20% is collected which is a neighbourhood proportion. In the future, the service will be putting in place governance arrangements, so that the community can access these funds. Officers empower the community to look at local community projects and that would be a better mechanism to start to bring funding to some of those projects. These monies to be fairly distributed across the Borough, where communities themselves feel empowered to bring projects forward subject to meeting certain criteria. Members concern was that the consultation was quite wide-spread, and several community groups had responded. However, members did not want to raise their expectations that Section 106 monies were easily available. This would be about managing their expectations.

Section 106 monies did have a role to play but the CIL neighbourhood proportion would be a more beneficial way to lever in community funds.

4. Officers provided an overview of the extent to which officers had consulted the community.

The document had been developed very consciously as a collaborative document with local communities. Commencing with a couple of work shops and asking a basic question: what is your favourite part of

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Enfield's heritage. Then drawing out themes from the responses to that to structure the work shops and taking the first draft of the document back to representatives from those work shops, Conservation Advisory Group (CAG), Place and Design Quality panel and departments within the Council and externally.

The officers went to community groups already working in heritage, and known about, but also tried to extend the reach beyond that.

Officers worked very hard consulting alongside the Local Plan so as to engage as many people as possible e.g. youth parliament, Racial Equalities Council, faith groups, area forums and drop in sessions. The team wanted to reach as many people as possible to ensure they took account of as many views as possible to make the document as inclusive as they could.

5. The Heritage Strategy is very much for the whole Borough and is very important to members. There is heritage in each part of this Borough, not just on one side and information about heritage at risk. Having structures in place and documents that can be updated regularly with the oversight of some committees that have got committee representation, has clearly been key in being able to ensure that this Heritage Strategy is representative of the whole Borough and not just part of it.

6. There is a detailed section in the Heritage Strategy on the objectives, regarding Enviro Crime and additional objectives were added in response to consultation. Officers clarified that they had concerns about statutorily designated heritage and local heritage of significance. The concerns were about work being done without consents and the effect that has on the environment.

Enviro Crime was something the team had not focussed on in the draft document and the comments received suggested the document should. This has now been added and is now one of the objectives. The team have also included some parts on wetlands, waterways and parks in response to comments received from the consultation.

7. Each relevant department in the Council has sight of the heritage strategy and so, reflective of that is that the addition around the wetlands for example, which perhaps wouldn't have been the case if colleagues from the Environment team didn't have a real input. Attention was also drawn about specific mentions around the Borough's heritage buildings like Forty Hall which is mentioned a number of times in the objectives. Officers commented that this was a great success coming out of the last Council strategy which had been used to support the application for Lottery funding and the good work that is being done there.

To consolidate the work that is being done there these objectives and aims also reflect some of the aspirations of the Museum service in terms of growing engagement, extending audiences and really making something of this fantastic asset. To promote Forty Hall as well, so to increase awareness.

8. Officers had also asked for authority to make final changes to sort out some of the editing, especially at paragraph 2.2 of the report.

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9. The Chair enquired about paragraph 2.3, of the report, as it asks that this strategy comes back to the Local Plan Cabinet Sub-Committee after the Local Plan has been approved. Would this be needed given what is mentioned in paragraph 2.2. Officers clarified that the consultation was carried out with the Local Plan consultation, late last year. This was done for a very specific reason, to give due weight to the SPD document (Heritage Strategy) for adoption. The title of the document is about making Enfield and as the Borough grows, using our heritage assets for the value that they are, in that growth. Also, creating new assets as well. As officers, we don't know at this point exactly what will be the outcome of the emerging Local Plan, so it is about ensuring that we update the Heritage Strategy in line with an adopted new Local Plan. So, there will be a potential for a re-consultation in line with that plan.

The Heritage Strategy will be a Supplementary Planning Document to the current Core Strategy. The new Local Plan might indicate a policy change in which case this may need to come back to the Local Plan Cabinet Sub-Committee. But anything other than a policy change, paragraph 2.2 of the report would cover and allow a delegated authority.

Alternative Options Considered: Noted the following alternative options which had been considered as set out section 4 of the report:

1. An alternative would be not to adopt a new Heritage Strategy. This would negate previous decisions in Operational DARs taken by the Director of Regeneration and Environment (December 2016) which authorised the start of work on a new heritage strategy and by the Programme Director for Meridian Water (August 2018) authorising first stage consultation on the draft with focus groups and approval by the Local Plan Cabinet Sub-Committee to authorise public consultation on a new document. Not updating the heritage Strategy would leave Council Policy out of date with the revised NPPF and other national policy and guidance.

Decision: The Local Plan Cabinet Sub-Committee agreed to:

1. Adopt the new Heritage Strategy: *Making Enfield: Enfield Heritage Strategy 2019-2024* attached at Appendix 1 as a Supplementary Planning Document to the approved Core Strategy 2010.
2. Authorise the Executive Director of Place, in consultation with portfolio holder to approve any minor amendments to the draft Heritage Strategy as required before formal publication.
3. Note that the Heritage Strategy will need to be updated and referred back to the Local Plan Cabinet Sub-Committee for approval to coincide with adoption of the new Local Plan.

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Reasons for recommendations:

1. The new Heritage Strategy provides an aspirational vision for Enfield's heritage that is up-to-date with existing policy and practice, can support bids for inward investment and can be used to prioritise resources and identify funding opportunities. The new Strategy will embrace the Council's growth agenda and set out how heritage can be a positive factor in realising its ambitions and securing high quality place-making.
2. 5.2 NPPF para. 185 requires that local plans should set out a positive strategy for conserving and enhancing the historic environment. There is no guidance as to what form that should take. Adopting the Heritage Strategy as SPD will ensure that it has clear status in relation to the existing and developing Local Plan documents and Council practice and is a material consideration in the Council's decision-making process. Not updating the Heritage Strategy could lead to the deterioration and loss of heritage and the loss of opportunity to drive good place-making as part of the growth agenda.
3. The new Strategy is a collaborative Council-community document developed from two community workshops and other stakeholder engagement sessions. Extensive engagement through the consultation period and changes made to the draft underline it as a collaborative Council-community new Strategy document.

5

MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 26 March 2019 were agreed as a correct record.

6

DATE OF FUTURE MEETINGS

NOTED

Future meetings of the Local Plan Cabinet Sub-Committee have been scheduled to take place on:

Thursday 19 September 2019

Tuesday 19 November 2019

Tuesday 21 January 2020

Thursday 27 February 2020

Wednesday 18 March 2020

Tuesday 28 April 2020