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# THE CABINET

## Tuesday, 28th January, 2020 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.** **DECLARATIONS OF INTEREST**

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.** **CAPITAL PROGRAMME MONITOR PERIOD 8 (NOVEMBER) 2019** (Pages 1 - 20)

A report from Fay Hammond (Executive Director Resources) is attached. **(Key Decision Reference Number: 5078)** (Report No: 176)

**5.** **CORPORATE CONDITION PROGRAMME 2020/21** (Pages 21 - 26)

A report from Sarah Cary (Executive Director – Place) is attached. **(Key Decision Reference Number: 5004)** (Report No: 175)

**6.** **REDEVELOPMENT OF THE MONTAGU INDUSTRIAL ESTATE** (Pages 27 - 48)

A report from Sarah Cary (Executive Director – Place) is attached.
**(Key Decision Reference Number: 4873)** (Report No: 177)

**7.** **BUSINESS CASE FOR CAPITAL FUNDING FOR HIGHWAYS, STREET SCENE AND PARKS INFRASTRUCTURE 2020/21** (Pages 49 - 60)

A report from Sarah Cary (Executive Director Place) is attached. **(Key decision reference number: 5044)** (Report No: 178)

**8.** **HOUSING REVENUE ACCOUNT 30 YEAR BUSINESS PLAN 2020** (Pages 61 - 96)

A report from Sarah Cary (Executive Director Place) is attached. **(Key Decision Reference Number: 4969)** (Report No: 174)

**9.** **LOCAL AUTHORITY TRADING COMPANIES - ANNUAL ACCOUNTS** (Pages 97 - 158)

A report from Jeremy Chambers (Director of Law and Governance) is attached. (Please see also report number 173 on the part 2 agenda) **(Key Decision Reference Number: 5013)** **(**Report No: 172)

**10. CABINET AGENDA PLANNING - FUTURE ITEMS** (Pages 159 - 162)

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

**11. DATE OF NEXT MEETING**

To note that the next meeting of the Cabinet is scheduled to take place on Wednesday 12 February 2020.

**12. 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)

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**MUNICIPAL YEAR 2019/2020 REPORT NO. 176**

| | |
|---|---|
| **MEETING TITLE AND DATE:**<br>Cabinet 28th January 2020<br><br>**REPORT OF:**<br>Executive Director of Resources<br><br>**Contact:** Matt Bowmer<br>**Tel:** 0208 379 5580<br>**E-mail:** Matt.Bowmer@enfield.gov.uk | **Agenda – Part: 1** **Item: 4**<br><br>**Subject:** Capital Programme Monitor Period 8 (November) 2019<br><br>**Wards:** All<br>**Key Decision No: 5078**<br><br>**Cabinet Member consulted:**<br>**Cllr Maguire** |

## 1. EXECUTIVE SUMMARY

1.1 The purpose of this report is to inform Members of the position up to the end of November 2019 regarding the Council's Capital Programme (2019/20 to 2023/24) considering the latest information for all capital schemes including the funding arrangements.

1.2 The report shows that the overall expenditure for the approved programme is projected to be £109m for the General Fund, £97m for HRA and a forecast loan drawdown of £8.5m for Enfield Companies for 2019/20.

1.3 The report sets out the estimated capital spending plans for 2019/20 to 2023/24 including the proposed arrangements for funding and confirms that the revenue financing costs for the approved 2019/20 to 2022/24 programme are provided for within current budgets.

## 2 RECOMMENDATIONS

Cabinet recommend to Council that:

2.1 The additions to the Capital Programme as set out in Table 3, section 7.0 are approved.

2.2 Cabinet notes the following additions which will be presented to Council for approval as part of the 10-year Capital programme

i. £7.128m growth in Education services grant allocation for the year due to recognition of Basic need funding from central government.

ii. £0.241m additional grant from the GLA and Environment Agency to support Flood Alleviation projects.

iii. £0.057m Gentleman's row redecoration works

iv. £0.210m additional vaulted chambers Southgate Cemetery

v. £0.450m Edmonton cemetery

vi. £352.329m HRA

| | |
|---|---|
| 2.3 | Note the revised five-year approved programme totalling £1,321m as set out in Appendix A |
| 2.4 | Agrees the proposed reductions of £2.925m set out in Table 4, Section 8 |

## 3. BACKGROUND

3.1. The Council's Capital Programme is continually reviewed, and monitoring reports are submitted to Cabinet four times a year. The Council continually strives to maximise external grants and contributions to fund projects wherever possible and therefore minimise the need to borrow.

3.2. This is the final report on the Capital Strategy (2019/20), four-year General fund Capital Programme (2019/20 to 2022/23) and five-year HRA programme (2019/20 to 2023/24) as approved by Council on the 27th February 2019. This is reporting the forecast outturn position at the end of the November 2019.

## 4. 2019/20 CAPITAL PROGRAMME BUDGET

4.1. The full capital programme is detailed in Appendix A and is a five-year programme with the budgets shown inclusive of carry forwards from 2018/19.

4.2. The approved capital budget for the current financial year 2019/20 is summarised in Table 1 below and this provides the latest position reflecting updated project expenditure profiles as advised by programme managers.

**Table 1 Current Year Capital Programme 2019/20**

| | Budget | Repro-filing | Growth | Reduc-tions | Forecast | Actuals | Spend |
|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | % |
| Resources | 9,429 | (805) | 0 | 0 | **8,624** | 2,182 | 25% |
| People | 15,684 | (9,401) | 7,128 | 0 | **13,411** | 6,494 | 48% |
| Place | 55,841 | (9,828) | 241 | (2,925) | **43,329** | 19,263 | 44% |
| Place - Meridian Water | 30,200 | 14,254 | 0 | 0 | **44,453** | 12,710 | 29% |
| Chief Executive | 0 | 0 | 29 | 0 | **29** | 0 | 0% |
| **General Fund exc. Companies** | **111,155** | **(5,781)** | **7,397** | **(2,925)** | **109,846** | **40,649** | **37%** |
| Energetik | 3,915 | (855) | 0 | 0 | **3,060** | 1,170 | 38% |
| Housing Gateway Ltd | 12,936 | (7,436) | 0 | 0 | **5,500** | 5,500 | 100% |
| **Total General Fund inc. Companies** | **128,005** | **(14,072)** | **7,397** | **(2,925)** | **118,406** | **47,319** | **40%** |
| Place - HRA | 96,164 | (6,781) | 7,683 | 0 | **97,066** | 41,032 | 42% |
| **Total Capital Programme** | **224,169** | **(20,853)** | **15,080** | **(2,925)** | **215,472** | **88,351** | **41%** |

**BUDGET REPROFILING**

4.3. These are changes regarding the forecast timing of expenditure from the approved programme between financial years with no reported increase or decrease in budget requirement. Unless otherwise reported below these movements have minimal impact on the overall delivery of the project. Where service delivery may be impacted, this will be reported in the Capital Monitor reports to Cabinet.

**Table 2 Budget Reprofiling**

Table 2 summarises the budget reprofiling in month 8 (November 2020), with explanations below the table for the significant items

| | 20/19/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | Future Years | Funding Source |
|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | |
| IT Investment | (451) | 451 | 0 | 0 | 0 | 0 | *General Resources* |
| Libraries | (354) | 354 | 0 | 0 | 0 | 0 | *General Resources* |
| **RESOURCES** | **(805)** | **805** | **0** | **0** | **0** | **0** | |
| Schools' Future Programme | (9,057) | 9,057 | 0 | 0 | 0 | 0 | *External Grant (ESFA)* |
| Extra Care Housing: Reardon Court | (344) | 344 | 0 | 0 | 0 | 0 | *General Resources* |
| **PEOPLE** | **(9,401)** | **9,401** | **0** | **0** | **0** | **0** | |
| Corporate Property Investment Programme | (550) | 550 | 0 | 0 | 0 | 0 | *General Resources* |
| Flood Alleviation | (633) | 633 | 0 | 0 | 0 | 0 | *External Grants (GLA, EA) & General Resources* |
| Electric Quarter | (1,000) | 1,000 | 0 | 0 | 0 | 0 | *General Resources* |
| Meridian Water | 14,254 | (14,254) | 0 | 0 | 0 | 0 | *External Grants (HIF) & General Resources* |
| Montagu Industrial Estate | (7,650) | 7,650 | 0 | 0 | 0 | 0 | *General Resources* |
| Tennis Courts Works | 5 | (5) | 0 | 0 | 0 | 0 | *General Resources* |
| **PLACE** | **4,425** | **(4,425)** | **0** | **0** | **0** | **0** | |
| Major Works | (3,850) | 1,680 | 10,562 | (818) | 24,633 | (32,207) | *Reserves (MRA) & General* |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | | | *Resources* |
| Minor Works | (1,000) | 4,776 | 1,623 | 1,623 | 3,323 | (10,346) | *Earmarked Reserves* |
| Fire Works | (3,450) | 3,450 | 0 | 0 | 0 | 0 | *General Resources* |
| Estate Regeneration | (4,324) | 4,324 | 0 | 0 | 0 | 0 | *External Grant (GLA), RTB Receipts & General Resources* |
| Development Programme | 5,842 | (5,842) | 0 | 0 | 0 | 0 | *External Grant (GLA), RTB Receipts & General Resources* |
| **HRA** | **(6,781)** | **8,388** | **12,185** | **805** | **27,956** | **(42,553)** | |
| Energetik | (855) | 855 | 0 | 0 | 0 | 0 | *General Resources* |
| Housing Gateway Ltd | (7,436) | 7,436 | 0 | 0 | 0 | 0 | *General Resources* |
| **COMPANIES** | **(8,291)** | **8,291** | **0** | **0** | **0** | **0** | |
| **TOTAL Budget Reprofiling** | **(20,853)** | **22,460** | **12,185** | **805** | **27,956** | **(42,553)** | |

4.4. IT Investment

4.4.1. There is £0.451m of spend reprofiled into 2020/21.

4.4.2. The customer platform replacement (CRM) project is now at tender stage and will be implemented by the autumn of 2020/21, followed by an ongoing development, resulting in the need for the budget to be re-profiled.

4.4.3. Transformation programmes (Children's & Payments) originally included in £32m ICT Capital Investment (KD4410) have been delayed due to resource challenges and changes to requirements (scope, benefits and objectives) and will therefore carry on into 2020/21. The Transformation Portfolio has also been increased by two new programmes (Build the Change and Customer Experience) since April 2017 and these will continue into 2020/22.

4.5. Libraries

4.5.1. The customer access centre approach is in progress for implementation in 2020/21 onwards and therefore, funds will need to be re-profiled.

4.6. Education

4.6.1. £1.4m was set-aside in the Quarter One monitor due to a legal dispute with the contractor for the Orchardside pupil referral unit. The contractor has voluntarily withdrawn this claim and therefore the budget is not required in 2019/20.

4.7. Reardon Court

4.7.1. The demolition of the existing building has had to be delayed to 2020/21 due to the building being occupied by bats. Natural England have advised that the existing building can only be demolished, and the bats removed when planning permission has been given for the new development. The bat removal and demolition works are anticipated to commence around October 2020.

4.8. Corporate Property Investment Programme (CPIP)

4.8.1. The bulk of the CPIP programme approved earlier this financial year will be spent on design and planning work and a start on site for the relocation of ILDS from St Andrews House to Enfield Highway and design and feasibility work for the Build the Change project. Physical works for the Build the Change project will be included in CPIP Funding approvals being presented to Cabinet in January 2020. Previously approved funding for these works has therefore been reprofiled to align with this.

4.9. Flood Alleviation – Albany Park Wetlands

4.9.1. The programme has been delayed due to ongoing negotiations with the Environment Agency at both local and national levels to agree on the final project design and scope (business case) to maximise the benefits and therefore eligibility for funding. The project was also awaiting planning consent which was approved in November.

4.10. Electric Quarter

4.10.1. Some of the acquisitions for this project were through a CPO and whilst ownership has transferred some final settlement on compensation is still being negotiated. Most of the transactions are expected to complete in 2020/21 and so the budget has been adjusted accordingly.

4.11. Meridian Water

4.11.1. Cabinet approved a new capital budget (£286m) for this programme for the period up to 2021/22 in October 2019 (KD4469). This additional budget was reported in the Quarter Two Capital monitoring report, but the profiling was not. Therefore, £14m has now been profiled into financial year 2019/20 which includes funds for further land acquisitions, land remediation works, public realm works around the new train station, debt financing and professional fees.

4.12. Montagu Industrial Estate

4.12.1. Several property purchases were expected to be made in the current financial year, but the purchasing process has been delayed pending a review of the business case to be presented to Cabinet in January 2020. Several acquisitions likely to require compulsory purchase orders and most of these are expected to go through in 2020/21 and 2021/22.

4.13. HRA

4.13.1. Major works – A number of workstreams have been reviewed as part of the developing asset management strategy in particular where decisions need to be made about the future of the stock.

4.13.2. Fireworks – Ensuring the Council has the correct designs, products and competent supply chains – sometimes in the absence of governance guidance – has delayed the start on site of these projects.

4.13.3. Development programme – the GLA programme has been reprofiled to reflect the changes in the number of units being developed/purchased, this change has resulted in budget being brought forward from next year to ensure GLA grant targets are achieved. Paragraph 10.4.sets out the specific numbers and schemes.

4.13.4. Estate Regeneration – the leaseholder buybacks on the Alma project have been reprofiled this quarter. There are 30 leaseholder buybacks remaining with 8 expected to complete by March 2020.

4.14. Companies

4.14.1. Energetik

4.14.2. Unspent budget of £855k will be re-profiled to future years and has arisen from delaying Meridian Water Heat Network (MWHN) infrastructure works at the EcoPark to more align with the latest forecast Meridian Water development programme. Also, delaying the pipe connection between Alma and Electric Quarter to better align with the forecast of Alma and Electric development programmes.

4.14.3. Housing Gateway Ltd (HGL)

4.14.4. Further to the inclusion and subsequent approval to disburse the £2.2m grant approved (KD3790) to HGL, there will be no additional loan requirements from the 2019/20 capital programme. Unspent 2019/20 budget will be re-profiled to future years to support HGL's continued expansion.

## 5. 2019/20 SCHEME OUTPUTS

5.1. This section provides an overview of the key outputs from the 2019/20 capital programme by directorate. These outputs all contribute to the delivery of the Corporate Plan and objectives detailed in section 15.

### 5.2. Resources

5.2.1. IT Investment & Libraries

5.2.2. Budgets for Transformation programmes and their constituent projects consist of a mixture of capital and revenue funding. The achievements related to capital expenditure only for 2019/20 for each programme are as follows:

a. **Payments Programme:** significant upgrade to the corporate payment infrastructure to ensure the Council processes payments more efficiently, increase security and minimise fraud. New technology to automate customer telephony payments has been introduced.

b. **Infrastructure Programme**: the programme is building an onsite datacentre to increase the council's self-reliance and flexibility in how it manages the performance of key business applications (such as Northgate Housing and Lagan). In addition, it has moved some key applications such as SAP, Skype for Business and IPO from the SunGard data centre to Microsoft Azure which is a more secure environment and will save the council circa £0.235m per year. Also, the programme procured a new mobile phone contract that will deliver savings of circa £78k per year. Total anticipated savings from this programme following delivery in 2020/21 will be in excess of £1m.

c. **Adult Social Care Programme:** transformed the way Adult Social Care services are provided including the implementation of a new customer portal to enable clients to help themselves, and a new case management system which allows specialist teams to focus and spend more time with the service users.

d. **Children's Programme:** delivered a range of IT improvements within the service to support streamlining of processes and improving partnership working. Introduced the Children's Autonomy Portal to transform the way professionals, caregivers and families access guidance, support, make referrals and request assessments for children and families in Enfield.

e. **Customer Experience Programme:** replaced the Customer Contact Centre telephony system introducing new functionality to make it easier for customers to speak to the Council and to manage those interactions. Procurement is underway for a new Customer Relationship Management system (CRM) and ensure future Microsoft software updates to the IT platform can be easily accommodated. IT functionality required to support Charged Garden Waste service provision was also Implemented.

f. **Build the Change:** rolled out over 3,000 new laptop and devices to Council staff with the latest software to support faster, more collaborative ways of working. Launched a new staff intranet with clean and simple design, search and navigation functionality and updated content.

g. **Intranet upgrade**: the Council's intranet has been upgraded to replace the end of life product. This is easier to navigate and will continue to be further developed for services to improve communication and information across the council for staff.

h. **Commercial Services Microsite**: the commercial microsite for schools is now operational, initial offer is the Music Service (January 2020) and Early Years is due to go live from March 2020.

5.3. **People**

5.3.1. Education

5.3.2. Completed schemes in 2019/20 include:

i. Debohun School – Additional Classroom Space for 8 pupils

ii. Minchenden School – New Upper Secondary Autistic Provision School for 100 pupils

iii. Russet School – New Single classroom replacing existing temporary classroom

iv. Springfield – New 1 Form Entry SEN Primary School (a West Lea campus) for 32 pupils

v. St Mary School – Refurbishment to provide a West Lea School Primary SEN campus with 16 new pupil places

## 5.4. Place

5.4.1. Environment & Operations

5.4.2. Traffic & Transport

5.4.3. Transport for London (TfL) currently provides funding to London Boroughs to help deliver the Mayor's Transport Strategy. TfL have provided Enfield with approximately £2m of Local Implementation Plan (LIP) funding in 2019/20 for capital schemes, mainly supporting the introduction of Quieter Neighbourhoods, additional cycle routes and other initiatives to encourage active and healthy travel.

5.4.4. The majority of the £6m Cycle Enfield mini Holland allocation from TfL is allocated to the A1010 North major project. Following full approvals over the summer, the contractor is now on site delivering this project and further significant delivery and spend is anticipated for quarter 4. This rate of work will be monitored; however, discussions have taken place with TfL over the potential re-profiling of some of this funding if required into 2020/21 for practical technical reasons relating to timings of road works and traffic disruption

5.4.5. Highways:

5.4.6. Carriageway and footway renewal programmes, bridges and watercourses maintenance programmes and tree planting are all on target for completion this financial year. Highlights include approximately 10km of resurfaced carriageway and 7km of renewed footways.

5.4.7. Waste & Recycling:

5.4.8. Waste Service changes and spend are being delivered in line with the project delivery plan with phase 1, the paid garden waste collection service and the new separate food waste collection service going live on 4 November 2019.

5.4.9. Capital purchases have included replacement wheeled bins to ensure smooth service integration and delivery and the purchase of the both kitchen caddies and the larger food waste caddies.

5.4.10. Fleet Services:

5.4.11. The programme of spend for fleet vehicle replacements is being delivered in line with the expected spend profile for the year. Purchases included 9 new dedicated food waste trucks as part of the waste service change program, and various items of plant and equipment that have been introduced to service the cemeteries grave digging and grounds maintenance equipment.

5.4.12. Meridian Water

5.4.13. This financial year has seen continued remediation of some of the site to enable development by the first appointed development partner. The final agreements for the first development partner were signed in December and housebuilding will start in 2020. Further capital has been spent on acquiring relevant pieces of land and property to enable the infrastructure works and future development. Substantial professional and team costs have been incurred to develop the HIF application which was successful in the summer of 2019 - and the planning application for 2,000 homes which was submitted in the Autumn. Furthermore, the Councils' team has been expanded to deliver the financial, social and environmental goals of the project.

5.4.14. Property & Economy:

5.4.15. Electric Quarter: Phase 1 was completed in Spring 2019. Phase 2 started on site in Spring 2019 and will deliver 106 homes including 31 affordable homes managed by North London Muslim Housing Association. The Council has also agreed terms to acquire 75 homes for rent. In addition, the phase will deliver a nursery, new library and community space and commercial units. Completion of these units is planned in tranches from January 2020 to February 2021.

5.4.16. Montagu Industrial Estate: Planning consent has now been secured for phase 1 of the redevelopment of this dated industrial estate. The first phase will comprise 55,000 square feet of modern industrial units in 8 units and is expected to start on site this summer. Cabinet will be asked to approve an increased budget to progress the remainder of the scheme in January 2020.

5.4.17. Genotin Road: Construction of the new office building for Metaswitch commenced in the January 2019, the superstructure is nearing completion and the project is on budget and on track to be complete in late Autumn 2020.

5.4.18. The annual allocation for Corporate Property Improvement Programme (CPIP) and the Corporate Capital Conditions Programme (CCCP) have delivered this year:

- design and planning work and a start on site for the relocation of ILDS from St Andrews House to Enfield Highway
- design and feasibility work for the Build the Change project.

5.4.19. Housing Adaptations

5.4.20. 87 adaptations funded by Disabled Facilities Grant (DFG) have been completed to date, with approximately a further 90 expected to complete by year end.

**5.5. Chief Executive**

5.5.1. Companies

5.5.2. Energetik

5.5.3. The company forecasts an additional loan drawdown of £1.89m during 2019/20 to continue legal support services for the completion and execution of the Heat Sale Agreement with NLWA/LEL, License and PCG for DBO works at EcoPark, Heat agreement and leases for Phase B of Electric Quarter and Heat & Power Purchase Agreement with an Hotel at Ladderswood.

5.5.4. Funding will also cover the design support and professional services on the ongoing support of town planning application and detailed design for the Meridian Water Heat Network.

5.5.5. In addition, are the acquisition of smart meter for the satellite schemes, plantroom procurement including the build and connection to Curlew House i.e. Temporary Energy Centre and underground pipework installation between Alma and Electric Quarter.

5.5.6. In addition, the company will be receiving £371k in 2019/20 from Housing Gateway Limited as a result of relinquishing its tax losses, an outcome from the of the group tax relief strategy.

5.5.7. Housing Gateway Limited

5.5.8. Housing Gateway Limited forecast no additional drawdown for the rest of the year, with drawdown of £5.5m received to date funding the acquisition of 8 street properties at £2.2m as at end of the period, and a further 6 estimated at £1.5m in the final quarter of the year.

5.5.9. £625k has been invested during the year towards major repairs work on some of the street properties within HGL's existing investment portfolio.

5.5.10. £150k has been spent to date, with an additional £102k expected to support professional services being undertaken ahead of major works planned at Brickfield in Q4 2019/20.

5.5.11. It is expected that £2.2m grant monies due to HGL (KD3790) will be used to fully fund the Brickfield project.

## 6. GROWTH TO THE CAPITAL PROGRAMME

**Table 3 Additional Items**

| | 2019/20 | Future Years | Total Growth | Funding Sources | Notes |
|---|---|---|---|---|---|
| | £000 | £000 | **£000** | | |
| Gentlemen's Row | 29 | 29 | **57** | *General Resources* | |
| **Chief Exec.** | **29** | **29** | **57** | | |
| Schools' Future Programme | 7,128 | 0 | **7,128** | *Education & Skills Funding Agency* | *ESFA January 2019 announcement* |
| **PEOPLE** | **7,128** | **0** | **7,128** | | |

| | | | | | |
|---|---|---|---|---|---|
| Flood Alleviation | 241 | 0 | **241** | *GLA/Environment Agency* | *Greener City Fund/WEIF* |
| Southgate Cemetery | 0 | 210 | **210** | *General Resources* | |
| **PLACE** | **241** | **210** | **451** | | |
| Fire Works | 0 | 66,154 | **66,154** | *General Resources* | *KD4969* |
| Estate Regeneration: Joyce & Snells | 1,000 | 3,000 | **4,000** | *General Resources* | *KD4590* |
| Development Programme | 6,683 | 275,492 | **282,175** | *General Resources* | *KD4590* |
| **HRA** | **7,683** | **344,646** | **352,329** | | |
| **TOTAL Growth** | **15,080** | **344,885** | **359,965** | | |

6.1. Education

6.1.1. At the quarter one monitor, growth of £14.6m was reported. This consisted of maintenance grant of £10.3m and special education needs (SEN) allocation of £4.3m from the Education and Skills Funding Agency. The overall SEN allocation has been reduced by £851k, to reflect the fact that it had already been included in the 2018/19 brought forward figure and should not have been included again as growth. The £7.1m represents the 2019/20 Basic Need funding not recognised in previous Capital Monitors.

6.1.2. Flood Alleviation

6.1.3. Additional match funding from the GLA and Environment Agency has been secured to support the Albany Park River Restoration and flood alleviation scheme.

6.1.4. HRA

6.1.5. The Housing and Growth Strategy places emphasis on investing in existing Council housing, building new Council homes and regenerating places. This strategy has driven a review of the HRA Business Plan to ensure it can sustain the ambitions of Council Housing. It has identified that an additional borrowing of £341m over the next 10 years is required to fund this strategy, with the remaining £8m being funded from general resources. Full details of the growth are reported in the updated Business Plan report (KD4969) which will be presented at January Cabinet.

## 7. Proposed Reductions

7.1. Table 4 details the removal of budgets from the Capital Programme.

**Table 4 Reductions**

| | 2019/20 | Total Reductions |
|---|---|---|
| | **£000** | **£000** |
| Genotin Road (Metaswitch) | (2,925) | **(2,925)** |
| **PLACE** | **(2,925)** | **(2,925)** |
| **TOTAL Reduction** | **(2,925)** | **(2,925)** |

7.2. Genotin Road

7.2.1. The approved budget for this scheme included an allocation of £2.925m for land acquisition, however further investigation confirmed that all relevant land is already within Council ownership, therefore this element of the budget is not needed.

## 8. Financing General Fund Capital Expenditure

**Table 5 General Fund Capital Expenditure Financing**

| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | Total |
|---|---|---|---|---|---|
| | **£000** | | | | |
| **General Fund** | | | | | |
| Capital Grants & External Contributions | **24,946** | **30,436** | **9,977** | **2,578** | **67,937** |
| Revenue Contributions | **0** | **0** | **0** | **0** | **0** |
| Capital Receipts | **1,304** | **455** | **0** | **0** | **1,759** |
| Earmarked & Reserves | **411** | **1,860** | **0** | **0** | **2,270** |
| Borrowing Funded by Deferred Capital Receipts | **44,453** | **204,480** | **149,467** | **0** | **415,251** |
| General Borrowing | **38,732** | **46,693** | **14,420** | **8,526** | **398,400** |
| | **109,846** | **280,923** | **173,864** | **11,104** | **575,737** |
| Companies | **16,851** | **0** | **0** | **0** | **16,851** |
| **Total** | **126,697** | **280,923** | **1736,864** | **11,104** | **592,588** |

## 9. HOUSING REVENUE ACCOUNT

9.1. Table 6 summarises the 5-year programme, with sections 5.1 and 5.2 highlighting key projected outputs.

**Table 6 HRA Capital Programme**

| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | TOTAL |
|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Major Works | 18,883 | 31,945 | 26,133 | 24,533 | 24,633 | **126,128** |
| Minor Works | 5,017 | 6,476 | 3,323 | 3,323 | 3,323 | **21,463** |
| Estate Regeneration | 19,422 | 21,962 | 6,379 | 2,195 | 1,712 | **51,669** |
| Development Programme | 51,344 | 71,449 | 79,211 | 150,355 | 135,976 | **488,334** |
| Fire Works | 2,400 | 12,732 | 12,316 | 13,749 | 7,450 | **48,647** |
| **Total HRA** | **97,066** | **144,564** | **127,362** | **194,155** | **173,093** | **736,240** |

### 9.2. Major and Minor Works

9.3. Cabinet approved a significant capital works programme aimed at ensuring the Council's properties meets statutory duties around Decent Homes, commencement and completion of previously identified projects and to undertake a number of pilot projects aimed at tackling fire risk and long-term infrastructure problems in blocks. Because of the complexity of some of these projects and the time taken to ensure robust procurement and governance approaches there have been delays in starting on site some of the capital projects, the significant changes include:

i. Communal boiler change - the project has been delayed due to difficulties in design work, the project will commence after the winter season

ii. Lift replacement project - a challenge during the s20 process has delayed the start on site, with a 16-week lead time there will be a start on site in the new year.

iii. Upper Edmonton, external - the specification has been reviewed and made some changes to give better clarity to tenants and leaseholders moving the start date of the project back.

iv. Cambridge Road West, externals - the specification has been reviewed and some changes have been made to give better clarity to tenants and leaseholders moving the start date of the project back.

v. Avenues and Newdales minor refurbishment works are being reviewed in line with some potential regeneration to ensure the appropriate works are undertaken.

vi. Pruden close - conversion of 2/3 flats, the project is reliant on a new heating system to be installed, the team are looking at a ground source heat pump in line with the desire to improve energy efficiency for our residents and this needs further site investigations.

vii. Bliss, Purcell and Channel island leak stopping and fire stopping works - the specification has been revised a few times to reflect updated guidance following Grenfell tragedy. A sensible approach has been adopted to ensure the projects meets all current and likely future requirement before starting on site.

viii. Welbrook cladding, fire prevention and leak stopping works - this is a significant project which includes new cladding, new heating system, leak stopping, door replacements and other associated building works. Due to the number of packages and the complexity we are considering our delivery approach which will ensure the appropriate design quality, guaranteed a fully qualified supply chain and manage the significant interactions between works package. This will be change from the usual design and build approach and work is underway with consultants to ensure the best approach.

ix. Additionally, the modular extensions (Brimsdown pods) programme has been delayed following Lakehouse going into administration, and it has taken a few months to appoint a new contractor to complete the works, including following the required legal process.

**9.4. Estate Renewals**

9.4.1. Cabinet approved the allocation of £4m in November 2019 to take forward the Joyce & Snells scheme through to planning (subject to successful ballot mid-2020). Engagement commenced and design work is ongoing. Should this proceed, this will see almost 3,000 homes built, including a net increase of 500 Council tenancies over and above the 400 that will be replaced.

9.4.2. At Alma, the first handover of social rented homes took place in 2019. That year the Council also acquired additional homes through purchase. The regeneration partner, Countryside, submitted a Section 73 application by Countryside seeking increased density. This enables the delivery of phase 4 to be brought forward, resulting in an increase of leasehold acquisitions scheduled for 2020/21.

9.4.3. At New Avenue, this year 25 private homes were purchased by the Council and converted to affordable homes through the receipt of GLA grant, which increased the level of affordable housing to 40%. This has provided additional decant options for residents and should bring forward completion of the scheme by up to two years.

9.4.4. At Ladderswood, the year to March 2020 will see the completion of 21 affordable and 114 private sale homes, as well as the practical completion of a new hotel. Discussions continue between Enfield, the Ladderswood LLP (One Housing Group and Mulalley) and the GLA to tackle the viability challenge the existing scheme presents. It is envisaged that a viable option will be identified before the end of 2019/20 at which point a revised planning application will be sought. This will protect and enable receipt of the £20m overage attributed to the Council through the existing development agreement.

9.4.5. In addition, a number of potential new estate renewal schemes are currently being assessed, in conjunction with the recently completed asset management survey. This will help the Council identify where estates with a negative NPV and other challenges, such as significant ASB or poor-quality housing, may be appropriate for estate renewal.

Where such schemes are identified they will be capitalised once they are to be taken through to planning (and ballot).

**9.5. Development**

9.5.1. In February 2019, Cabinet approved the bid for the Building Council Homes for Londoners. The Council was successful in securing £18.1m of GLA grant for the next 3 years as part of the Building Council Homes for Londoners scheme. The programme is made up of several small site schemes and is expected to deliver 150 new homes within the Borough.

9.5.2. The target for 2019/20 was start on site for 103 homes by March 2020. However, although a few of the schemes specified in the bid have been substituted, the Council will be on site for 179 homes by March 2020 with no additional GLA funding. This included the acquisition of 80 street properties and 75 affordable homes on Electric Quarter between April and December 2019. In Quarter 4, the Council will start on site on 84 homes at Gatward Green, Newstead House and Bury Street West and acquire an additional 20 units on New Avenue.

**Table 7 HRA Capital Financing by Funding Source**

| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | Total Funding |
|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Capital Grants & External Contributions | 8,668 | 14,004 | 14,450 | 49,048 | 6,460 | **92,630** |
| Revenue Contributions | 11,282 | 30,120 | 7,454 | 6,385 | 5,570 | **60,811** |
| Capital Receipts | 30,231 | 51,440 | 41,458 | 44,222 | 67,063 | **234,414** |
| Earmarked Reserves | 13,885 | 0 | 0 | 0 | 0 | **13,885** |
| General Borrowing | 33,000 | 49,000 | 64,000 | 94,500 | 94,000 | **334,500** |
| **Total Funding** | **97,066** | **144,564** | **127,362** | **194,155** | **173,093** | **736,240** |

## 10. ALTERNATIVE OPTIONS CONSIDERED

**10.1.** No alternative options were considered.

## 11. REASONS FOR RECOMMENDATIONS

**11.1.** To update the Programme for additions and deletions since the Quarter 2 Monitoring report to Cabinet in November and to inform members of the current forecast outturn for 2019/20 and the outputs from the capital investment.

## 12. COMMENTS FROM OTHER DEPARTMENTS

**12.1. Financial Implications**

12.1.1. As the Section 151 Officer, the Executive Director Resources, is required to keep under review the financial position of the Authority. The capital monitoring is part of this review process. If required, measures will be put in place to address risks identified through the monitoring process and to contain expenditure within approved budgets.

**12.2. Legal Implications**

12.2.1. The Council has a statutory duty to arrange for the proper administration of its financial affairs and a fiduciary duty to taxpayers with regards to its use of and accounting for public monies. This report assists in the discharge of those duties.”

**12.3. Property Implications**

12.3.1. This report has been written in consultation with Property Services and therefore any relevant implications are included within the body of the report. Capital investment in the Council’s property assets to ensure compliance and support income growth is supported by the Council’s Strategic Asset Management Plan. Any type of property transactions related to this report will follow the Council’s usual processes, complying with the Property Procedure Rules and being in line with the Strategic Asset Management Plan and Corporate Landlord Policy.

## 13. KEY RISKS

13.1. All the key risks relating to the quarter are included within the main report.

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

**a. Good homes in well-connected neighbourhoods**

The Capital Programme is designed to address the deliver the Councils priorities and all projects are considered in the context of these priorities.

**b. Sustain strong and healthy communities**

The Capital Programme is designed to address the deliver the Councils priorities and all projects are considered in the context of these priorities.

**c. Build our local economy to create a thriving place**

The Capital Programme is designed to address the deliver the Councils priorities and all projects are considered in the context of these priorities.

## 15. EQUALITIES IMPACT IMPLICATIONS

15.1. Not applicable to this report.

## 16. PERFORMANCE AND DATA IMPLICATIONS

16.1. The report provides clear evidence of sound financial management, efficient use of resources.

## 17. HEALTH AND SAFETY IMPLICATIONS

**17.1.** Not applicable to this report

## 18. HUMAN RESOURCES IMPLICATIONS

18.1. Not applicable to this report.

## 19. PUBLIC HEALTH IMPLICATIONS

**19.1.** The underlying schemes which this report refers, contribute to the overall public health objectives of the borough

## 20. BACKGROUND PAPERS

20.1. None.

**Appendix A**

## Approved Capital Programme

| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | Total |
|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| **RESOURCES** | | | | | | |
| **Commercial** | | | | | | |
| Forty Hall | 68 | 0 | 0 | 0 | 0 | **68** |
| **Total Commercial** | **68** | **0** | **0** | **0** | **0** | **68** |
| **Customer Experience & Change** | | | | | | |
| IT Investment | 8,425 | 3,453 | 0 | 0 | 0 | **11,878** |
| Libraries | 131 | 354 | 0 | 0 | 0 | **485** |
| **Total Customer Experience & Change** | **8,556** | **3,807** | **0** | **0** | **0** | **12,363** |
| **Total RESOURCES** | **8,624** | **3,807** | **0** | **0** | **0** | **12,431** |
| **PEOPLE** | | | | | | |
| **Adult Social Care** | | | | | | |
| Extra Care Housing: Reardon Court | 974 | 7,343 | 12,420 | 6,515 | 0 | **27,252** |
| Mental Health and Wellbeing Centre | 0 | 2,500 | 0 | 0 | 0 | **2,500** |
| **Total Adult Social Care** | **974** | **9,843** | **12,420** | **6,515** | **0** | **29,752** |
| **Education** | | | | | | |
| School Expansions | 6,609 | 453 | 0 | 0 | 0 | **7,062** |
| Schools Maintenance | 3,191 | 0 | 0 | 0 | 0 | **3,191** |
| Schools' Future Programme | 2,337 | 23,740 | 9,977 | 2,578 | 0 | **38,633** |
| **Total Education** | **12,137** | **24,193** | **9,977** | **2,578** | **0** | **48,886** |
| **Strategic Commissioning** | | | | | | |
| Community Safety | 300 | 0 | 0 | 0 | 0 | **300** |
| **Total Strategic Commissioning** | **300** | **0** | **0** | **0** | **0** | **300** |
| **Total PEOPLE** | **13,411** | **34,037** | **22,397** | **9,093** | **0** | **78,938** |
| **PLACE** | | | | | | |
| **Environment & Operations** | | | | | | |
| Alley Gating | 100 | 0 | 0 | 0 | 0 | **100** |
| **Highways:** | | | | | | |
| Flood Alleviation | 614 | 633 | 0 | 0 | 0 | **1,247** |
| LED Street Lighting | 1,140 | 5,236 | 0 | 0 | 0 | **6,375** |
| Highways & Street Scene | 6,995 | 0 | 0 | 0 | 0 | **6,995** |
| **Parks:** | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Edmonton Cemetery | 1,327 | 0 | 0 | 0 | 0 | **1,327** |
| Southgate Cemetery | 1,116 | 210 | 0 | 0 | 0 | **1,326** |
| Play Areas | 41 | 0 | 0 | 0 | 0 | **41** |
| Tennis Courts Works | 5 | 537 | 0 | 0 | 0 | **542** |
| **Waste, Recycling & Fleet:** | | | | | | |
| Changes to Waste & Recycling Collections | 1,434 | 455 | 0 | 0 | 0 | **1,889** |
| Vehicle Replacement Programme | 411 | 1,860 | 0 | 0 | 0 | **2,270** |
| **Traffic & Transportation:** | | | | | | |
| TFL: Local Implementation Plans | 2,261 | 0 | 0 | 0 | 0 | **2,261** |
| TFL: Cycle Enfield | 6,010 | 0 | 0 | 0 | 0 | **6,010** |
| TFL: Angel Walk | 865 | 0 | 0 | 0 | 0 | **865** |
| **Total Environment & Operations** | **22,319** | **8,931** | **0** | **0** | **0** | **30,385** |
| **Meridian Water** | | | | | | |
| Meridian Water | 44,453 | 125,959 | 149,467 | 0 | 0 | **319,879** |
| **Total Meridian Water** | **44,453** | **125,959** | **149,467** | **0** | **0** | **319,879** |
| **Property & Economy** | | | | | | |
| Broomfield House | 266 | 0 | 0 | 0 | 0 | **266** |
| Corporate Condition Programme (prev. BIP) | 2,174 | 0 | 0 | 0 | 0 | **2,174** |
| Corporate Property Investment Programme | 700 | 1,200 | 0 | 0 | 0 | **1,900** |
| Edmonton Cemetery Chapel Conversion | 108 | 0 | 0 | 0 | 0 | **108** |
| Electric Quarter | 2,369 | 5,746 | 0 | 0 | 0 | **8,116** |
| Ponders End | 55 | 0 | 0 | 0 | 0 | **55** |
| Genotin Road (Metaswitch) | 12,575 | 9,249 | 0 | 0 | 0 | **21,824** |
| Montagu Industrial Estate | 500 | 10,946 | 0 | 0 | 0 | **11,446** |
| Town Centre Regeneration | 250 | 2,500 | 2,000 | 2,011 | 0 | **6,761** |
| **Total Property & Economy** | **18,997** | **29,641** | **2,000** | **2,011** | **0** | **52,650** |
| **Housing & Regeneration** | | | | | | |
| **Assessment Services:** | | | | | | |
| Housing Adaptations (DFG) | 2,001 | 0 | 0 | 0 | 0 | **2,001** |
| Housing Assistance | 12 | 0 | 0 | 0 | 0 | **12** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Total Assessment Services** | **2,013** | **0** | **0** | **0** | **0** | **2,013** |
| **Total PLACE exc. HRA** | **87,782** | **164,531** | **151,467** | **2,011** | **0** | **405,791** |
| **Chief Executive (CEX)** | | | | | | |
| Gentlemen's Row | 29 | 29 | 0 | 0 | 0 | **57** |
| **Total GENERAL FUND exc. COMPANIES** | **109,846** | **202,402** | **173,864** | **11,104** | **0** | **497,217** |
| **Chief Executive (CEX)** | | | | | | |
| **Companies:** | | | | | | |
| Energetik | 3,060 | 32,976 | 0 | 0 | 0 | **36,036** |
| Housing Gateway Ltd | 5,500 | 46,400 | 0 | 0 | 0 | **51,900** |
| **Total COMPANIES** | **8,560** | **79,376** | **0** | **0** | **0** | **87,936** |
| **Total Chief Executive (CEX)** | **8,588** | **79,405** | **0** | **0** | **0** | **87,993** |
| **Total GENERAL FUND inc. COMPANIES** | **118,406** | **281,778** | **173,864** | **11,104** | **0** | **585,153** |
| **Housing Revenue Account:** | | | | | | |
| Major Works | 19,083 | 31,945 | 26,133 | 24,533 | 24,633 | **126,328** |
| Minor Works | 4,817 | 6,476 | 3,323 | 3,323 | 3,323 | **21,263** |
| Development Programme | 51,344 | 71,449 | 79,211 | 150,355 | 135,976 | **488,334** |
| Estate Regeneration | 19,422 | 21,962 | 6,379 | 2,195 | 1,712 | **51,669** |
| Fire Works | 2,400 | 12,732 | 12,316 | 13,749 | 7,450 | **48,647** |
| **Total HRA** | **97,066** | **144,564** | **127,362** | **194,155** | **173,093** | **736,240** |
| **Total PLACE inc. HRA** | **184,848** | **309,094** | **278,829** | **196,166** | **173,093** | **1,142,032** |
| **APPROVED CAPITAL PROGRAMME** | **215,472** | **426,342** | **301,226** | **205,259** | **173,093** | **1,321,393** |

Agenda Item 5

**MUNICIPAL YEAR 2019/2020 REPORT NO. 175**

**MEETING TITLE AND DATE**
**Cabinet:** 28 January 2020

**REPORT OF:**
Executive Director – Place

Contact officer and telephone number:

Head of Corporate Maintenance & Construction, Barry Skelton

Phone: +44 2081321779

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

| **Agenda – Part: 1** | Item: 5 |
|---|---|
| **Subject**: **2020/21 Corporate Condition Programme (CCP)**<br><br>**Wards: All**<br>**Key Decision No:** KD 5004<br>PL 19.104C<br>**Cabinet Member consulted:** for Finance & Procurement – Cllr Mary 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 manging our portfolio reduce expenditure and increase income.

1.2 The Corporate Condition Programme (CCP) addresses major repair works to the corporate property portfolio. The CCP does not cover schools, or housing maintenance, which are subject to different funding streams. The CCP (formerly known as the Building Improvement Programme (BIP)) has been a regular programme for many years. The CCP comprises works that the Council is contractually liable for, works to address health and safety risks and major repairs to ensure buildings remain operational and in good order.

1.3 The CCP works are prioritised based on condition survey information. The recommended is to increase the allocation from £1.5m to £2.5m from 2020/21 to address the current estimated total backlog for capital condition works on corporate properties of £18m.

## 2. RECOMMENDATIONS

2.1 That Cabinet approves the allocation of £2.5m for the 2020/21 Corporate Condition Programme (CCP), in line with the Council Capital Strategy 2020/21.

2.2 To delegate authority to the Cabinet Member for Finance and Procurement to approve variations within the Corporate Condition Programme (CCP) allocation for 2020/21.

## 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 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 Condition Programme (CCP).

3.3 This report seeks approval for amount to be added to the CCP for 2020/21 annual budget allocation; this is a rolling programme, which is carefully tracked to ensure priorities are met and the budget allocation is not exceeded.

3.4 Use of the annual allocation is prioritised based on condition survey information and other asset information. There will be emergency issues during the year that will have to the addressed using this programme requiring reprioritisation or the programme. Officers have to consider the Council's contractual obligations and health and safety risks when prioritising, using risk-based approach to determine the works that can be afforded within the budget.

3.5 This programme was formerly known as the Building Improvement Programme (BIP). The annual budget in previous years, has not increased from £1.5m, however, the recommendation in this report is to increase the budget for 2020/21 to £2.5m with the intention that this will be the minimum budget allocation for future years, subject to an annual Cabinet approval.

3.6 Refer to Appendix A for the proposed list of CCP projects for the 2020/21 allocation of £2.5m.

## 4. REASONS FOR RECOMMENDATIONS

4.1 The increase of the CCP annual allocation to £2.5m will allow the outstanding backlog maintenance of £18m to be gradually decreased. The backlog maintenance sum has built up over several years.

4.2 Capital investment in condition is required for 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.

## 5. COMMENTS OF OTHER DEPARTMENTS

### 5.1 Financial Implications

5.1.1 The £2.5m CCP allocations will comprise £2.125m on capital works and £0.375m professional and technical costs.

5.1.2 The £2.5m capital budget for this programme will be wholly funded from borrowing.

5.1.3 The council's current average cost of borrowing is 3.5%. Total interest cost over a 25year repayment period for this amount of borrowing will be £1.3m. Total payments covering both interest and principal elements will be £152K per annum.

5.1.4 Annual maintenance costs arising from these works will be funded from existing property services revenue budgets.

5.1.5 The CCP allocation has been identified in the Capital Programme. The capital financing costs of all Projects in the Approval Cycle as well as those in the formally approved Capital Programme are built into the Council's Medium-Term Financial Plan.

### 5.2 Legal Implications

5.2.1 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.

5.2.2 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 Capital Condition Programme would be within its powers.

5.2.3 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 the Head of Legal Services.

**5.3 Property Implications**

5.3.1 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).

5.3.2 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.

5.3.3 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.

5.3.4 The CCP 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 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 Condition Programme (CCP) 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 Condition Programme (CCP), 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. This should also be taken as an opportunity to improve the sustainability of buildings so encouraging active travel (for example cycle parking) and improvements such as insulation.

## 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.

**CABINET REPORT – 28 January 2020 - 2020/21 Corporate Condition Programme (CCP)**

**APPENDIX A – 3.6 Proposed list of CCP projects for the 2020/21 allocation of £2.5m**

| Ref | Priority | Property / Site | Works | Budget | Notes |
|---|---|---|---|---|---|
| 1 | **Urgent Health & Safety** | **Various Sites** | Remedial Works | £110,000 | Works identified from Condition Surveys / Dangerous Structures / SAMP priorities |
| 2 | **Asbestos Abatement** | **Various Sites** | Remedial Works | £70,000 | Works identified from management survey update as part of Asbestos Risk Management |
| 3 | **Fire Audit** | **Various Sites** | Remedial Works | £140,000 | Recommendations from Fire Audit Surveys; includes Forty Hall & Millfield House, no fire separation between basement and ground floor |
| 4 | **Public safety** | **Various Parks** | Parks | £250,000 | Five-year upgrade programme to all splash pads to improve public safety, plus, Broomfield House Scaffold safety check. |
| 5 | **Public safety** | **Various Sites** | External Decoration | £320,000 | New annual programme for external decoration works to prevent deterioration of building fabric, programme determined from condition survey information. |
| 6 | **Equalities** | **Corporate Offices** | DDA Works | £120,000 | Equalities Act (DDA) survey has identified various works that need to be progressed to allow better access around the Corporate Offices. |
| 7 | **Staff safety** | **Various Sites** | M&E Services Upgrades | £720,000 | Works identified from condition surveys, will provide improved environment and make the buildings more sustainable |
| 8 | **Staff safety** | **Civic Centre** | B Block Roof / D Block Windows | £420,000 | B Block roof covering requires continuous repairs / D Block windows beyond economic repair; replacements will increase thermal performance. |
| 9 | **Staff safety** | **Enfield Business Centre** | External Fabric, Roof & Window | £350,000 | Works identified from condition survey, will provide improved environment for staff and make the building more sustainable |
| **RECOMMENDED CCP BUDGET ALLOCATION 2019/20** | | | | **£2,500,000** | |

**MUNICIPAL YEAR 2019/2020 REPORT NO. 177**

**MEETING TITLE AND DATE:**
Cabinet 28 January 2020

**REPORT OF:**
Sarah Cary
Executive Director of Place

Contact officer and telephone number:

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| **Agenda - Part: 1** | **Item:** 6 |
|---|---|
| **Subject: Montagu Industrial Estate Redevelopment.** **Wards: Edmonton Green** **Key Decision No: KD 4876** | |
| **Cabinet Members Consulted: Cllr Caliskan and Cllr Maguire** | |

## 1. Executive Summary

**1.1** Industrial and Logistics businesses in Enfield play a significant part in both the local and the London wide economy. They provide a wide range of jobs and the wide range of businesses feeds, clothes, services and builds London. Creating new space for these sectors to grow whilst improving land use efficiency and broadening the range and quality of jobs for local residents is a core focus of our Corporate Plan.

**1.2** In September 2016, Cabinet approved (KD 4357) the redevelopment of the Montagu Industrial Estate ('the Estate') to help maximise employment opportunities, to secure wider economic and social regeneration, to provide buildings that meet the demands of modern business, and to improve revenue for the Council.

**1.3.** Cabinet also approved the use of the Council's property at the Estate as an equity stake in a joint venture to be set up with a specialist developer. In July 2017, the Executive Director of Finance, Resources and Customer services approved the selection of Henry Boot Developments as the 50:50 Joint Venture (JV) development partner following a procurement exercise. The JV structure provides that the Council puts in its land and acquires the additional land ownerships and Henry Boot fund the redevelopment.

**1.4.** Since that time, further land on the Estate has been acquired, and planning permission has been granted for Phase 1, which will 55,000 sq ft of new modern industrial space with a start on site expected in Spring 2020.
In order to ensure that the business case was robust following the updated capital investment requirement, a number of options were considered for the development of this site. This analysis of the options demonstrated that the existing approach to developing the site resulted in the best overall financial returns.

**1.5** This report requests authority to continue with the redevelopment of the Estate, with the Joint Venture investing £94M (Council contribution £47m) into Edmonton Green and Enfield's industrial heartland. The scheme will deliver a well-planned employment hub that encourages economic growth and significant additional local employment of c. 630 net increase in jobs in an area of high deprivation. It will also increase income to the Council, reversing the current decline in income associated with the outdated property.

**1.6** This report requests an increase in capital expenditure over the previous decision KD4357 and demonstrates that the financial case for the overall scheme, as well as the Council's investment, remains strong.

**1.7** A further Cabinet report will come forward in due course to seek specific authorisation for the making of a Compulsory Purchase Order (CPO) to enable the redevelopment.

**Recommendations**

That Cabinet:

**2.1** Approves proceeding with the redevelopment of the Montagu Industrial Estate, in Joint Venture with Henry Boot Developments, as described in this report.

**2.2** Delegates authority to the Director of Property & Economy to undertake any associated procurement (expected to be limited), and in consultation with the Director of Legal and Governance authority to agree any ancillary agreements and non-material amendments required to support the Joint Venture.

**2.3** Notes that a subsequent cabinet report will follow to authorise the making of a Compulsory Purchase Order (CPO) to support the redevelopment.

**2.4** Approves the Business Plan and Master Plan as detailed at Appendix 1.

**2.5** Recommends to Council the approval for an additional £33.36 million added to the approved capital programme, to be used for land acquisition and enabling costs for all phases of development, including applicable compensation for affected interests.

**2.6** Approve the funding of "off-site" purchases of commercial property to relocate businesses within the red line boundary where it is commercially viable to do so within the constraints of the budget;

**2.8** Notes that following the further Cabinet report seeking authority to authorise the making of a CPO, delegated authority will be sought for the Executive Director – Place, in consultation with the Director of Law and Governance, the power to affect the making, confirming and implementation of the CPO and to take all necessary steps to give effect to the CPO in respect of the Order Land.

## 3. BACKGROUND

**3.1** Industrial and Logistics businesses in Enfield play a significant part in both the local and the London wide economy. They provide a wide range of jobs and the wide range of businesses feeds, clothes, services and builds London. Creating new space for these sectors to grow whilst improving land use efficiency and broadening the range and quality of jobs for local residents will form key components in the emerging Enfield Local Plan and our Economic Development Strategy as well as the emerging London Plan.

**3.2** The Montagu Industrial Estate ('the Estate') is located just north of the A406 in Edmonton Green Ward and is currently occupied by largely poor industrial buildings and open storage areas at low built and jobs density. The Estate is approximately 28 acres.

**3.3** The Estate is part of an important employment use area within Greater London (the Lee Valley employment use corridor). The bulk of the Estate is designated within the London Plan as Strategic Industrial Land; with both the Local Planning Authority and GLA pointing out that its employment use needs to be safeguarded.

**3.4** The Estate is occupied by a variety of businesses in different economic sectors, which in some instances are not complementary, and their premises are no longer fit for the economic purposes they were originally intended for. The Energy Performance Certificates (EPC) of most of the buildings will not meet current minimum standards and therefore will not be lettable when current leases end or occupiers relocate without significant investment in energy efficiency measures. Since April 2018 it has been illegal to let buildings with an EPC rating below E. These requirements will also be applied to existing leases from April 2023 and the Government is currently consulting and as advised that It expects to increase the target to a minimum B rating by 2030. Investment in the existing dated buildings to achieve these levels is not considered viable.

**3.5** The estate suffers from congestion as the businesses have outgrown the original infrastructure and many of the buildings are in a poor state of repair. There has also been significant anti-social behaviour and illegal and unauthorised activity and this together with a number of 'bad neighbour' type uses has a negative impact on surrounding residential areas.

**3.6** The estate no longer provides the type and quality of buildings or services that meet modern business needs and maximise employment density or offer opportunities for a wider range of jobs and skills.

**3.7** The Council currently owns 18.3 acres, almost 66%, of the estate and this is held for investment purposes. Rental income to the Council is currently just in excess of £1m per annum but this income is at significant risk without major investment for the reasons highlighted above.

**3.8** The proposals to regenerate the Industrial Estate are fully in line with the Council's Corporate Plan and approved Strategic Asset Management Plan (SAMP) and will align with the emerging Economic Development Strategy in terms of the Council's commitment to building the local economy through the provision of modern energy efficient business space thereby providing inward investment, more quality jobs and thereby supporting the local economy.

**3.9** The SAMP states in relation to the Council's industrial assets that:

- *"The intention will be for the Council to demolish these 1950's buildings when vacant to enable construction of replacement modern industrial buildings which will attract a higher rent and will comply with MEES.*
- *The strategy for both Claverings and Montagu industrial estate is to use negotiation, lease renewals and new lettings to obtain redevelopment break clauses by incentivising the tenants with rent reductions or not implemented increases to the market rent at review.*

- ***CPO & Purchase of adjoining ownership*** *The Council may require the use of Compulsory Purchase powers to obtain vacant possession by severing leases. It may also be commercially advantageous to purchase adjoining land to Montagu …. so that the design for the redevelopment of the sites can achieve a better design and density to make the new development more desirable and obtain a better rental return."*

## 4.0 The Redevelopment Proposal

**4.1** The Council have already made the decision to enter into a Joint Venture with Henry Boot Developments to redevelop the site.

**4.2** The proposed redevelopment delivers a well-planned employment hub that encourages growth and maximises employment. This will be achieved by matching the needs of employers from both SME and corporate occupiers in terms of:

- The specification, size and versatility of space offered;
- The tenure structures that will be offered that support employment growth;
- Providing the opportunity to 'trade up' and 'trade down' as businesses respond to economic conditions;
- Encouraging the development of incubator accommodation and workspace that support start-ups and encourages cross fertilisation, agile and co-working.

**4.3** Evidence drawn from other areas in London shows that the types of accommodation required to meet demand and maximise employment are as follows:

- Office type space – small, medium and large space users
- Managed workspace
- Incubator/accelerator/ co-working space
- Studio type space
- Creative studios
- Industrial/warehouse space – small, medium and large space users

**4.4** Best Practice guidance indicates that the estimated number of new jobs on the estate once the development is completed will be in the order of 630 based upon existing best practice modelling.

**4.5** Additional benefits will include a reduction in bad neighbour and non-conforming business operators on the estate, a reduction in crime related activities and an improvement in the public realm on the estate.

**4.6** There are a number of businesses on the site which it would be prudent to try and retain on the redeveloped estate, subject to agreement with them on satisfactory terms. The Council will work with these businesses to identify suitable units on the new development into which they can relocate with minimum business interruption.

**4.7** Pro-active steps are being taken to assist businesses on the estate who have entered into development leases and therefore have agreed to relocate elsewhere. The Council's property agents – Lambert Smith Hampton and Cushman and Wakefield are instructed to research the market and provide these businesses and others that have yet to agree with particulars of suitable alternative accommodation. The Council's Economic Development team will also pro-actively work with these businesses.

**4.8** The type of new businesses the redevelopment will attract have differing needs and environmental requirements and in response the vision for the Estate is to create a mixed-use environment that will offer a range of accommodation within a well-planned and accessible estate. Similar activities will be grouped to co-locate in buildings or zones that are designed to meet the specific needs of the occupiers and in this way support operational needs and business growth.

**4.9** As part of the viability assessment, a variety of development layouts were considered, and the option that maximises business space area and optimises income is shown in the detailed masterplan that will guide the redevelopment of the estate and the proposed partnership.

**4.10** The preferred scheme has a (gross) footprint of 620,000 sq.ft, but there may be an opportunity to increase this footprint to c. 795,000 sq.ft by altering the unit types depending on demand as the scheme develops. The comprehensive redevelopment of the Estate in phases is proposed although it should be noted that changes or the withdrawal of certain phases in extreme circumstances may also occur in the event that viability is compromised in any one phase.

**4.11** To facilitate the first phase of development, Unecol House has already been demolished and the site cleared. The key site at the entrance to the scheme with prominent street frontage facing a busy secondary road and as the northern access to the Estate is the ideal location for a first phase of development that sets the quality for the entire Estate. Planning consent has already been approved for this phase and a start on site is expected in Spring 2020.

**4.12** Once the report is approved and the resolution for the CPO is confirmed, our Joint Venture partner can move forward at pace and with confidence that the Council are committed to the redevelopment scheme for all four phases.

**Land Assembly Implications**

**4.13** The Council's current ownership is occupied by over 60 tenants and is currently generating £1.16m in annual rent with the majority of leases expiring around 2020 or shortly after. There are however some leases that expire between 2030 and 2040 and eleven interests are held by third parties.

**4.14** Completing land assembly to secure vacant possession of the Estate will require a combination of freehold and leasehold purchase and business disturbance on a temporary or permanent basis. With a phased approach to development it is envisaged that certain businesses could be relocated locally and thereby mitigate business disturbance to temporary disruption and not total extinguishment. However, total extinguishment of certain businesses may end up being the only option.

**4.16** Since the original budget for the scheme was fixed, following advice from the Council's property consultants, a number of external factors have led officers to consider a prudential review of the overall budget for the project.

This includes the following :

1. There have been significant increases in industrial land values as a result of very strong demand for Industrial and logistics space in this borough, a trend which is continuing. This has meant that the original cost assumptions for acquisition of land and buildings will be exceeded.

2. The upside however, is that the these increases in rents and capital values increase the council's return on investment ensuring that the proposal remains viable. Under the Joint Venture partnership arrangements the Council's equity contribution is based upon land value, with the benefit of assumed planning consent which as described above has increased significantly. Full cost recovery is envisaged.

3. It is however, considered that the original costs underestimated the true cost and timescale of a possible CPO and the full cost of land remediation. A more robust appraisal has now been carried out and reflected in the new budget. As a prudent measure, an enhanced contingency allocation of £4M has also been included within the development appraisal to ensure that the appraisal is robust, with particular reference to land remediation costs.

**4.17** To help facilitate the acquisition of land and ensure the comprehensive redevelopment of the Estate it is recommended that the Council uses its Compulsory Purchase Order (CPO) powers. In this regard a detailed business case, town planning framework and delivery strategy are shown in Appendix 1 in support of the CPO case.

**4.18** To minimise the risk that vacant possession will not be secured and provide certainty for the sites that are subject to existing leases and licences the responsibility for estate management of the Estate has transferred to the joint venture from the point of its set up. Net rents will continue to be received by the Council to maintain current income levels until overall rents rise as the development progresses.

**4.19** All affected residents in the locality will be notified and a commitment made by the contractor, developer and the Council that all building operations will be carried out considerately. Full engagement with local residents and businesses will be maintained throughout the development period.

**Delivery Mechanism – Joint Venture**

**4.20** A partnership with a development partner has already been stablished with Henry Boot Developments. To facilitate the partnership, a Joint Venture (JV) vehicle has been formed with a term of 20 years.

**4.21** The JV is structured as an LLP (Limited Liability Partnership). The partners have 50/50 decision making powers with equal executive membership and a deadlock structure in case of fundamental disagreement. Revenue distribution is determined by equity participation. The value of the land transferred into the JV represents the Council's equity share in the JV. The JV partner's equity share is pre-development and delivery costs, which the partner will fund.

**4.22** The partners share the net revenues (net of JV operating costs) into the JV achieved through industrial lettings. Annual revenues are to be shared by each partner equivalent to their equity share.

**4.23** The JV adopts an over-arching set of objectives and operating structure (The Strategic Plan). The costs of fulfilling these objectives will be financed by the partner and the direct operating costs of the JV would be funded by each party as working capital. The Strategic Plan objectives include:

- Master plan consent
- Phase detailed planning consent
- Phase delivery and financial plan
- Land assembly by agreement
- Infrastructure agreement
- Estate management

**4.24** The Council will only transfer a long-term property interest into the JV on a phase by phase basis subject to certain Conditions Precedents (CPs) being satisfied. CPs would include, amongst others: master plan consent and detailed planning consent (on a phase by phase basis).

**4.25** The Council shares on an equal basis with the JV partner risks associated with building cost inflation, rental growth forecasts, voids, tenant insolvency, rent collection and other usual commercial risks during the 20 year life of the JV. The Council are taking all the risk associated with the CPO process, vacant possession and ground remediation.

**4.21** Following the expiry of the joint venture after 20 years, either party are free to sell their interest to a third party; agree terms to acquire the other party's interest or agree to a joint sale of the whole at market value (subject to independent verification in the event of failure to agree a price between the joint venture parties). Equally the parties are free to continue with the joint venture (JV).

In addition, within the Joint Venture Partnership Members Agreement (governing the operation of the partnership within the 20 year period) there are also prescribed circumstances governing a sale (of their share) by either party during the JV period after a "lock-in period" of 5 years starting from agreement of the over-arching business/master plan.

## 5. The Compulsory Purchase Process

**5.1** A Compulsory Purchase Order essentially splits into three parts – the formulation process, the resolution process and the statutory process. Negotiation by agreement takes place throughout and is a significant part of the Government's Guidance on Compulsory Purchase.

**5.2** As referred to in 1.6 above, subject to these report recommendations being accepted, a further report will be forthcoming at the earliest opportunity seeking specific authorisation for the making of a Compulsory Purchase Order for the acquisition of land, interests and new rights within the CPO area upon completion of a Statement of Reasons and Equalities Impact Assessment. This report will contain full details of the CPO justification and Powers to be used

**5.3** Preliminary work including a Property Cost Estimate and Land Referencing schedule have already been completed however, these will need to be updated throughout the process.

## 6. Financial Option Analysis

**6.1** A further analysis of the options for the development of the site was undertaken to ensure that, taking into account the revised capital requirement, the business case for the JV continued to deliver positive overall financial returns. The various options are set out in the table overleaf.

**6.2** These options demonstrate that the overall highest NPV is £62.8m, achieved under the recommended option of conducting a Joint Venture.

## Comparison of the Options

| | Option 1: Do Nothing | Option 2: Sell Site | Option 3: Develop Estate with a JV | Option 4: Develop Site without a JV | Option 5: Develop Site with A JV and then Sell |
|---|---|---|---|---|---|
| Details | Council does nothing and site continues to fall into disrepair. | Council sells site – benefits from capital receipts but loss of income stream. There is no guarantee of redevelopment or that is maintained in a good state. | Council shares risk by having industry experts develop and manage the site while Council makes use of its expert planning and CPO experience in taking control of the site. Cost is £47.8m. 50% share of benefits. | Council dissolves JV and does it all by in-house. It has no expertise in developing industrial estates but it also has no profit margin. | Council loses out on income stream and business rate growth but chooses to reduce its debt. An NPV of £62.8m at 3.5% or £42.3m at 5% would suggest a valuation of approx. £50m |
| Revenue Budget Impact | £0.9m net loss of income as the site will be not in operation due to Health & Safety reasons by 2023 | £0.9m net loss of income | Guaranteed £1.1m income so no impact | £0.9m net loss of income for 2 years while site is being developed. Income would return in 2021/22 and increase to £3.2m by 2023/24 | No revenue impact for at least 5 years but then a loss of £0.9m |
| Business Rates | Current Council share is £0.346m and if this is not in operation, this would be a loss to the budget. | No Change | Potential Benefit of £0.69m | Potential Benefit of £0.69m | Potential Benefit of £0.69m |
| Capital Financing Budgets | No Impact | Capital receipt available to reduce debt; generating Treasury savings of £0.3m at 2% interest on £15m | £0.3m cost rising to £2m per year by 2026/27 | Cost is likely to be significantly higher than double that of the JV option due to our lack of expertise with industrial development so costs will likely exceed £5m per year at peak. | Treasury savings of £1m at 2% interest on £50m after sale. |
| Capital Programme Impact | No Impact | Release of existing £10.9m capital budgets<br>. | £47.8m (or growth of £33.4m) | Impossible to estimate Capital Programme impact accurately as we are not an expert in developing industrial estates but it would be significantly over £100m | £47.8m (or growth of £33.4m) |
| Business Case | No debt undertaken<br>A negative £22m NPV | No debt undertaken<br>A negative £7.6m NPV | NPV of £62.8m<br>Peak Debt of £47.1m in 2025/26<br>Paid back by 2074/75 | NPV impossible to calculate without taking highly speculative guesses<br>Peak Debt of significantly above £100m in 2025/26<br>Paid back by 2074/75 | NPV of £20.3m<br>Peak Debt of £47.1m in 2025/26 and paid off in-year<br>Paid back by 2025/26 |

| | | | | | |
|---|---|---|---|---|---|
| Risk Management | The Council could undertake health and safety instances but the Council w ould be better off selling the site as the site needs major improvements. | The Council could look to find a buyer that w ants to redevelop the site as there are significant business rate grow th potentially available. | The Council could develop the JV but it still has the exit option to sell if the level of debt is too great.<br><br>There is the option to increase the guaranteed income for a short period of time to ensure there is no negative budgetary impact in any given year for a greater share of the profits. | The Council could seek to procure an experienced developer that has specialist expertise. Equally, it could look to outsource the management of the site to an experienced manager of such sites. | The Council could look to sell once it obtained full planning permissions and arranged all CPOs. How ever, this option is likely to be sub-optimal as buyers w ould be more interested in a turn-key purchase so the capital receipts w ould be low er. |
| Cost/Benefits | Overall, this option is not recommended as all other options are better. | This option is sub-optimal but possible if the Council's level of debt is simply too great.<br><br>The main draw back is that selling a site before redevelopment w ould tie up capital of prospective buyers w hile a fully tenanted operational estate w ould attract interest from institutional investors for its steady stable returns, achieving far higher capital receipts for the Council. | This is the recommended options, as the Council is sharing the risk w ith the developer, can ensure there is no budgetary impact, can obtain a healthy income stream over the long-term and has a relatively easy exit strategy. | Overall, this option involves a level of debt that is likely to be outside the Council's level of risk appetite. The Council's ability to mitigate the risks is also likely to be low er. | Overall, this option is the exit strategy if the debt of the Council is too high as the asset can be sold in 2025/26 onw ards and pay off the entirety of the debt. |

**6.3** The Council's preferred option is a joint venture as it significantly reduces the level of risk while providing an increased revenue stream to meet the Council's Medium Term Financial Plan savings gap.

**6.4** The Council's partner, Henry Boot is willing to guarantee the Council a level of income that would de-risk our financial position. They are also able to increase the guaranteed income to cover any budgetary impact in the short-term at the cost of reducing our share of the project's returns.

**6.5** It is also important to understand the impact in relation to the proposed budget in the MTFP. As shown below, there is approximately a £1.4m gap over the first 5 years

| Comparison to Budget | 2020/21 £'000s | 2021/22 £'000s | 2022/23 £'000s | 2023/24 £'000s | 2024/25 £'000s | 2025/26 £'000s | 2026/27 £'000s | 2027/28 £'000s | 2028/29 £'000s | 2029/30 £'000s |
|---|---|---|---|---|---|---|---|---|---|---|
| **Montagu Redevelopment** | (1,050) | (742) | (218) | 152 | 173 | (870) | (870) | (870) | (1,172) | (1,172) |
| **Proposed Budget in line with MTFP** | (885) | (885) | 172 | (728) | (728) | (728) | (728) | (728) | (728) | (728) |
| **Net Impact** | **(165)** | **143** | **(390)** | **880** | **901** | **(142)** | **(142)** | **(142)** | **(444)** | **(444)** |

**6.6** Moreover, while the Council invests assuming a 3.5% interest rate, in the short-term interest rates might be as low as 1.5%. At that rate, the net impact over the 5 years would be reduced to £0.1m.

**6.6** As noted above, the Council could also negotiate to have that covered in return for a lower return. It is recommended that this is examined during final negotiations.

## 7. The Business Case

**7.1** The detailed Business Case, part of which is commercially sensitive, (and therefore confidential) and Masterplan in support of the additional funding required for the scheme is shown in the confidential Appendix 1 to the report.

**7.2** The Business Case includes a detailed examination of the following areas:

- Project objectives, structure and roles
- Development Programme
- Approach to development
- Phasing programme and details
- Development Appraisal and Financial Model
- Communications Plan
- Vacant Possession Strategy
- Asset Management Strategy and Implications
- Land Assembly Strategy (Leasehold, Vacant and Third-Party property)
- CPO process and Strategy
- CPO Red Line Boundary
- Third Party Freehold CPO targets
- Procurement Strategy (Build contracts and Services)

- Town Planning Strategy

## 8. ALTERNATIVE OPTIONS CONSIDERED

### 8.1 Sell Now

The Council could **sell Montagu Industrial Estate** for a one-off capital receipt. That value is difficult to assess without testing the market, but it is expected to be in the range of £15-20 million. This would however result in a loss of approximately £0.9m revenue per year, creating an equivalent gap in the Council's budget. This option would remove the Council's development risk, but it would be counter to its policy of retaining and developing its existing assets. The Council would need to obtain a receipt of significantly more than £20m for this to be the preferred option. This option would also mean that the economic benefits of redevelopment are less likely to come forward in the short term.

### 8.2 Do Nothing

Legislation in respect of minimum EPC standards will render non-compliant property like most of the estate economically obsolete as it will be unlawful to let property which fails to meet the minimum standard. The majority of let property on the estate is unlikely to meet these standards and investment will significantly limit future Council liabilities in terms of voids, reactive and planned maintenance, security, management costs and business rates.

The Council could **do nothing**, leaving us exposed to the costs of necessary compliance works. For 3 years, the Council is likely to see its income drop as buildings would be unlettable under the MEES legislation on Energy Efficiency and then potentially go into a deficit position, if it was required for legal or insurance reasons to pick up security or other costs. The Council would need to deliver additional savings to fill this £0.9m budget gap. This position is not recommended as financially it is the least attractive option.

### 8.3 Council Redevelops Estate without JV

All risk including CPO, Development costs and future rental income would rest with the Council. In the long-run, this might achieve the best financial return but there are real challenges attached to capacity and affordability and the budgetary impact in the near term would be significant (up to £5m impact on the revenue budget in some years). The Council's debt position is growing, and the Council is not a specialist developer of industrial developers, therefore this option appears to have too high a risk for the Council with so many other important projects being delivered for the benefit of the borough.

This option would require a very significant increase in capital budget (compared with the preferred option to enter into a JVLLP) together with a significant increase in risk profile. Henry Boot are acknowledged as a reliable and experienced operator in the industrial development sector and therefore the recommended option represents the correct balance between development risk and rate of return when taken over the medium to long term.

**8.4 Redevelop the site with our partner and then sell**

In the final option, the Council could choose to **redevelop the site with our partner and then sell** our share once the site is redeveloped. This would reduce our risk and generate capital receipts, reducing the Council debt. This option would ensure a sale once the capital value has been enhanced through development and ensure that the economic and social benefits of development are achieved before the council sells. This option is available for further consideration at a later date if the recommended option is pursued.

**9. REASONS FOR RECOMMENDATIONS**

**9.1** This approval is the continuation of the previously approved scheme of redevelopment. This redevelopment scheme, when completed, will provide the Council with a valuable income stream over the medium to long term of £4.415m per annum by year 21 compared to the current income of £1.16 million which will decline without investment. It will also significantly limit future Council liabilities in terms of voids, reactive and planned maintenance, security, management costs and business rates.

**9.2** The redevelopment will encourage business and employment growth and promote a wider range of jobs and skills. It is expected to create and/or safeguard up to 1200 jobs creating 630 net new jobs.

**9.3** The redevelopment will provide a well-planned employment hub that encourages growth and maximises employment. This will be achieved by matching the needs of employers from both SME and corporate occupiers in terms of:

- The specification, size and versatility of space offered;
- The tenure structures that will be offered that support employment growth;
- Providing the opportunity to ‘trade up’ and ‘trade down’ as businesses respond to economic conditions;
- Encouraging the development of incubator accommodation and workspace that support start-ups and encourages cross fertilisation, agile and co-working.

**9.4** Additional benefits include a reduction in bad neighbour and non-conforming business operators on the estate, a reduction in crime related activities and an improvement in the public realm on the estate.

**9.5** Furthermore, the estate currently contributes significantly to carbon emissions in the borough with poor Energy Performance Certificate (EPC) Ratings of F and G. The redeveloped estate, by contrast, is estimated to produce significantly less carbon in full compliance with current Building Regulations. The new development has an aspirational target of a B EPC rating.

## 10. COMMENTS FROM OTHER DEPARTMENTS

### 10.1 Financial Implications

The financial implications of the preferred option for the council to contribute are set out below.

### Capital and Debt Implications

**10.2** The recommendation to pursue the JV would add £33.364m to the capital program to fund the land acquisition and land enabling costs for the development of the Montagu industrial estate. The original budget for this redevelopment was £14.5m, of which £3.5m has been spent as at the end of November 2019.

**10.3** Should the recommendations within this report be approved, the total budget allocated to the redevelopment of the Montagu industrial estate will be £47.8m of which £3.5m has been spent already.

| | £'000s |
|---|---|
| Current Budget | 14,473 |
| Addition to capital program | 33,364 |
| **Montagu Capital Budget** | **47,837** |
| Spend to date | 3,550 |
| **Remaining budget available** | **44,287** |

**10.4** The total Montagu budget of £47.8m will be funded through Council borrowing. The JV recommendation in this report would add £33.64m to the capital programme with total capital expenditure of £47.84m. Peak debt is 2025/26 and on a discounted cashflow basis, it pays off by 2074/75.

**10.5** Based on current net present valuation calculations, the council would own 50% of an income generating asset which once in operations and fully tenanted is estimated to be worth between £85m and £126m. Our 50% share would be greater than the cost of the capital investment. The cashflow generated of £194m to the Council would be greater than the total capital financing charges of £102m. Once again, it is worth noting that these cashflows do not include the growth in our business rate base of £0.69m/annum or the prevention of the loss in our commercial income from the estate (£0.9m)

### Revenue Implications

Impact to budget is detailed in the table below:

| **Comparison to Budget** | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
|---|---|---|---|---|---|---|---|---|---|---|
| | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s |
| **Actuals** | | | | | | | | | | |
| Expenditure | 0 | 42 | 72 | 166 | 166 | 323 | 323 | 323 | 357 | 357 |
| Income | (1,160) | (1,160) | (1,160) | (1,655) | (1,655) | (3,232) | (3,232) | (3,232) | (3,568) | (3,568) |
| Capital Financing | 110 | 376 | 870 | 1,641 | 1,662 | 2,039 | 2,039 | 2,039 | 2,039 | 2,039 |
| **Net Cost** | **(1,050)** | **(742)** | **(218)** | **152** | **173** | **(870)** | **(870)** | **(870)** | **(1,172)** | **(1,172)** |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Budgets** | | | | | | | | | | |
| **Revenue** | (885) | (885) | (1,185) | (2,085) | (2,085) | (2,085) | (2,085) | (2,085) | (2,085) | (2,085) |
| **Capital Financing** | 0 | 0 | 1,357 | 1,357 | 1,357 | 1,357 | 1,357 | 1,357 | 1,357 | 1,357 |
| **Total Budget** | **(885)** | **(885)** | **172** | **(728)** | **(728)** | **(728)** | **(728)** | **(728)** | **(728)** | **(728)** |
| **Difference to Budget** | **(165)** | **143** | **(390)** | **880** | **901** | **(142)** | **(142)** | **(142)** | **(444)** | **(444)** |

**10.6** Due to a financial guarantee from our partners, there is no impact on revenue budgets till 2023/24, when it grows by £0.4m and then in 2025/26 it grows again by a further £1.4m.

**10.7** However, the capital budgets require an increase of £1.36m from 2022/23 onwards, which is included within the MTFP.

**10.8** There is a gap in the first 5 years of £1.4m based on a 3.5% interest rate. This is highly conservative for this period and a 2% reduction in the interest rate would reduce the impact to £0.1m gap.

**10.9** For this reason the Council should consider negotiating the option of reducing this short-term gap to zero in return for giving up a small percentage share of the returns from the joint venture.

**10.10** In the context of the council’s future overall capital, borrowing and revenue budget position this development proposal provides flexibility to either retain the JV interest (as an income generating asset to support the wider council services) or sell when the development is completed and the capital value maximised (to reduce borrowing levels, reducing financing costs).

**Legal Implications**

**11.1** The Council has a general power of competence under section 1(1) of the Localism Act 2011 to do anything that individuals may do, provided it is not prohibited by legislation and subject to public law principles. A local authority may exercise the general power of competence for its own purpose, for a commercial purpose and/or for the benefit of others.

**11.2** 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 to or incidental to the discharge of any of its functions.

**11.3** The making of a CPO is an executive function by virtue of section 9D of the Local Government Act 2000 and the Local Authorities (Functions and Responsibilities) (England) Regulations 2000. Pursuant to section 9E (2) of the Local Government Act 2000, the Cabinet may arrange for the discharge of an executive function by an officer of the authority.

**11.4** Section 226(1) (a) of the Town and Country Planning Act 1990 (as amended), (the **1990 Act**) empowers local authorities, on being authorised by the Secretary of State, to acquire land compulsorily if they think that the acquisition will facilitate the carrying out of development, re-development or improvement of the land in their area. This power is subject to the restriction under Section 226 (1A) which provides that an acquiring authority must not exercise the power under Section 226(1)(a) unless they think that the proposed development, redevelopment or improvement is likely to contribute to achieving the promotion or improvement of the economic, social or environmental well-being of their area.

**11.5** To make a CPO, the Council is required to demonstrate that there is a 'compelling case in the public interest' for acquiring the land compulsorily. The Council must also demonstrate that the scheme for which the CPO is made will not be prevented from proceeding due to some legal or other impediment and that it has, or will at least obtain, the resources to pay compensation for the CPO and to implement the Scheme. This will be set out in the Statement of Reasons when the CPO is made.

**11.6** Additionally, there is requirement to evidence that meaningful attempts at negotiation have been pursued or at least genuinely attempted, save for lands where land ownership is unknown or in question. In this respect, section 227 of the 1990 Act provides an equivalent power for the Council to acquire land by agreement where required for any purpose for which a local authority may be authorised to acquire land under section 226 of the 1990 Act. Furthermore, the Council has the power under section 120 of the Local Government Act 1972 to buy land by agreement for the purposes of any of its functions or for the benefit, improvement or development of its area.

**11.7** Any acquisition of land must comply with the Council's Constitution, including but not limited to its Property Procedure Rules. Any ancillary procurement must comply with the Council's Constitution, including the Contracts Procedure Rules and the Public Contracts Regulations 2015, where the procurement of the goods, services or works are above the relevant thresholds.

**11.8** All legal documents to be entered into or any amendments to be made to the Joint Venture agreements in connection with the subject matter of this report must be approved in advance by Legal Services on behalf of the Director of Law and Governance.

**12.3 Property Implications**

The Council's Property Procedure Rules (PPR's) set out mandatory procedures regarding the acquisition, leasing, management and disposal of property assets and form part of the Council's Constitution.

**12.3.1** Section 5 of the PPR's govern Acquisitions by way of Compulsory Purchase and states:

- A resolution to make a Compulsory Purchase Order must be made by Cabinet, following a recommendation by the appropriate Director and the Responsible Senior Officer. Compulsory purchases or purchases by agreement prior to a Compulsory
- Purchase Order (CPO) being confirmed, are considered as acquisitions and subject to
- these Rules. In this instance the appropriate Director is the Director of Property and Economy

**12.3.2** Section 4 governs Acquisition – General and states:

The acquisition, by any means, of a freehold interest or a leasehold interest over one year in duration requires the approval of the relevant Director and the Responsible Senior Officer, unless the acquisition is:

- Covered by the Property Scheme of Delegation
- Vested by statutory authority;
- Owing to the Council acting as trustee; and
- Made under planning and highways legislation as a condition of a planning permission or a planning obligation.
- It is expected that following the CPO the Council will be making a General Vested Declaration to acquire properties. Property related to the CPO that are acquired by private treaty will be authorised by the relevant Director and Responsible Senior Officer
- Any acquisition with a market value in excess of £250,000 and lower than £500,000 has to also be approved by the relevant service Cabinet Member and the Cabinet Member with the property portfolio, and any acquisition with a market value exceeding £500,000 has to be approved by Cabinet.

**12.3.3** This cabinet report delegates authority from Cabinet to The Executive Director of Place to approve all acquisitions within the Order Land.

Every acquisition must be accompanied by the service Director's report that states:

- How the acquisition will help deliver the Council's strategy, goals, metrics and initiatives.
- The life-cycle costs whereby the Council is able to demonstrate its ability to fund all costs (including running costs), expenses, impacts and risks and any other costs associated with the acquisition (for example allowed/required by legislation).
- The report is approved by the Responsible Senior Officer and the Director of Finance Resources and Customer Services.
- The Responsible Senior Officer has approved the provisional terms for the acquisition.
- The Responsible Senior Officer has certified that the price and terms and conditions represent value and, in most circumstances, has obtained an independent valuation.

**12.3.4** Each acquisition by private treaty in relation to the CPO will be accompanied by a report covering the requirements as set out above.

**12.3.5** Acquiring land will bring Corporate Landlord implications including management costs such as security. However, it is expected that property acquired through the CPO will be passed over to the appointed infrastructure contractor swiftly for works to commence. This will reduce costs and risks associated with holding the property.

**12.3.6** Property acquired leading up to and after the CPO will be managed in line with the Council's Strategic Asset Management Plan (2019-2024)

**12.3.7** Section 24 governs Valuations and states:

- In preparing for the disposal or acquisition of a Council interest in property, the Responsible Senior Officer shall ensure that a formal, written valuation report is provided for the property in question.
- Where a disposal or acquisition has not reached completion within 6 months of the date of the corresponding disposal valuation report, an updated valuation report shall be prepared.

**12.3.8** Each acquisition by private treaty in relation to the CPO will be accompanied by a valuation report.

**12.3.9** Should Cabinet approve a resolution for a CPO future acquisitions will be subject to individual reports and these will contain transaction specific Property Implications**.**

## 13. KEY RISKS

**13.1** **Cause**: The industrial market does not perform as predicted and rental and capital values to not achieve the forecast levels

**Effect**: Viability of the development is reduced or development becomes unviable.

**Mitigation**: As land acquisition and development will be carried out in phases the acquisition and development can be paused until conditions improve or halted.

**13.4** **Cause**: Significant ground contamination found to exist following extensive borehole testing

**Effect**: This could affect the viability of any given phase of development

**Mitigation**: Joint Venture Partner to consider alternative designs and changes to phasing plan to minimise the impact on overall scheme and/or consideration of alternative methods of ground remediation and pursuing claims against known or likely polluters with offset of costs against CPO claims wherever possible.

**13.5** **Cause**: Acquisition, CPO and construction/remediation costs are higher than expected and revenues and income growth rates prove lower than expected.

**Effect**: This could affect the viability of any given phase of development

**Mitigation**: SPS has assembled a team of experts to advise and negotiate on behalf of the Council throughout the process in-order to minimise costs (within the context and spirit of the CPO code) and maximise revenues. The Council's JV partner are also highly experienced in the delivery of industrial schemes of this type.

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

**15.1 Good homes in well-connected neighbourhoods**

**N/A**

**15.2 Sustain strong and healthy communities**

This redevelopment scheme will generate employment, encourage economic growth and provide improved industrial accommodation thereby sustaining strong local communities and with improved working conditions in new accommodation, a more-healthy workforce.

**15.3 Build our local economy to create a thriving place**

This redevelopment scheme will encourage inward investment through the provision of new modern industrial accommodation. This in turn will have a positive impact on the local economy through increased local spend in the community on goods and services.

**16. EQUALITIES IMPACT IMPLICATIONS**

**16.1** Section 149 of the Equalities Act 2010 created the public-sector equality duty and requires that the Council have regard to the need to:

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

**16.2** Officers have taken this into account in the assessment of the CPO and the Cabinet must be mindful of this duty when considering the recommendations in the Report.

**17. PERFORMANCE AND DATA IMPLICATIONS**

The Council should monitor the impact and relative success of this venture (as compared with other methods of delivery and income production) in terms of speed of delivery, quality and income growth of the new development.

## 18. HEALTH AND SAFETY IMPLICATIONS

None.

## 19. HR IMPLICATIONS

None.

## 20. PUBLIC HEALTH IMPLICATIONS

None.

## Background Papers

None.

## Appendices:

Appendix 1 – Business Plan and Master Plan
(CONFIDENTIAL)

# Appendix 2

| Budgetary Impact | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 | 2032/33 | 2033/34 | 2034/35 | 2035/36 | 2036/37 | 2037/38 | 2038/39 | 2039/40 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s |
| **Expenditure** | 0 | 42 | 72 | 166 | 166 | 323 | 323 | 323 | 357 | 357 | 357 | 357 | 357 | 394 | 394 | 394 | 394 | 394 | 435 | 435 |
| **Income** | (1,160) | (1,160) | (1,160) | (1,655) | (1,655) | (3,232) | (3,232) | (3,232) | (3,568) | (3,568) | (3,568) | (3,568) | (3,568) | (3,939) | (3,939) | (3,939) | (3,939) | (3,939) | (4,349) | (4,349) |
| **Capital Financing** | 0 | 306 | 721 | 1,586 | 1,586 | 2,039 | 2,039 | 2,039 | 2,039 | 2,039 | 2,039 | 2,039 | 2,039 | 2,039 | 2,039 | 2,039 | 2,039 | 2,039 | 2,039 | 2,039 |
| | (1,160) | (812) | (367) | 97 | 97 | (870) | (870) | (870) | (1,172) | (1,172) | (1,172) | (1,172) | (1,172) | (1,506) | (1,506) | (1,506) | (1,506) | (1,506) | (1,875) | (1,875) |
| **Current Budget** | (885) | (885) | (885) | (885) | (885) | (885) | (885) | (885) | (885) | (885) | (885) | (885) | (885) | (885) | (885) | (885) | (885) | (885) | (885) | (885) |
| **MTFP Changes** | | | | | | | | | | | | | | | | | | | | |
| **- Capital Financing** | | | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 869 | 869 |
| **- Income** | | | (300) | (1,200) | (1,200) | (1,200) | (1,200) | (1,200) | (1,200) | (1,200) | (1,200) | (1,200) | (1,200) | (1,200) | (1,200) | (1,200) | (1,200) | (1,200) | (1,200) | (1,200) |
| **Revised Budget** | (885) | (885) | (316) | (1,216) | (1,216) | (1,216) | (1,216) | (1,216) | (1,216) | (1,216) | (1,216) | (1,216) | (1,216) | (1,216) | (1,216) | (1,216) | (1,216) | (1,216) | (1,216) | (1,216) |
| **Budgetary Impact compared with** | | | | | | | | | | | | | | | | | | | | |
| **Current Budget** | (275) | 73 | 518 | 982 | 982 | 15 | 15 | 15 | (287) | (287) | (287) | (287) | (287) | (621) | (621) | (621) | (621) | (621) | (990) | (990) |
| **MTFP Proposals** | (275) | 73 | (51) | 1,313 | 1,313 | 346 | 346 | 346 | 44 | 44 | 44 | 44 | 44 | (290) | (290) | (290) | (290) | (290) | (659) | (659) |

| Comparison to Do Nothing Option | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 | 2032/33 | 2033/34 | 2034/35 | 2035/36 | 2036/37 | 2037/38 | 2038/39 | 2039/40 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s |
| **Montague Redevelopment** | (1,160) | (812) | (367) | 97 | 97 | (870) | (870) | (870) | (1,172) | (1,172) | (1,172) | (1,172) | (1,172) | (1,506) | (1,506) | (1,506) | (1,506) | (1,506) | (1,875) | (1,875) |
| **Current Net Income stopping in 2023/24** | (885) | (885) | (885) | (885) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (275) | 73 | 518 | 982 | 97 | (870) | (870) | (870) | (1,172) | (1,172) | (1,172) | (1,172) | (1,172) | (1,506) | (1,506) | (1,506) | (1,506) | (1,506) | (1,875) | (1,875) |

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**MUNICIPAL YEAR 2019/2020 REPORT NO. 178**

**MEETING TITLE AND DATE:**
**Cabinet: 28th JANUARY 2020**

**REPORT OF:**
Executive Director – Place

Contact officer and telephone number:

Stephen Skinner 020 8132 0752

Email: Stephen.skinner@enfield.gov.uk

| **Agenda – Part:1** | **Item: 7** |
|---|---|
| **Subject:**<br>**Business Case for Capital Funding for Highways, Street Scene and Parks Infrastructure 2020/21 - 2029/30**<br>**Wards: All**<br>**Key Decision No: KD5044** | |
| **Cabinet Member consulted:**<br>Cllr Guney Dogan | |

## 1. EXECUTIVE SUMMARY

1.1 The business case for a sustained level of funding for highways and street scene was approved by Cabinet on 13 February 2019. The Council's 10-year Capital Strategy and Capital Programme 2020/21 to 2029/30 includes an allocation of £6.45m for this work in 2020/21, with an inflationary increase over future years.

1.2 This report sets out the business case and seeks approval for a sustained level of funding up to 2029/30 for the following additional areas: flood risk management projects, bridge renewal projects, play areas and other parks infrastructure assets, and alleygating.

1.3 The Council's 10 year Capital Strategy and Capital Programme 2020/21 to 2029/30 is an agenda item for Cabinet on 28th January 2020. The allocations indicated within this report are contained within the 10 year programme.

## 2. RECOMMENDATIONS

2.1 To approve the business case for a sustained level of capital funding on an annual basis as shown in this report for:
- Match funding for flood risk management projects
- Bridge renewal projects
- Play areas and other infrastructure (paths and fences) in Parks
- Alley-gating

2.2 To approve the 2020/21 capital budgets below and for their inclusion in the Capital Report to Council:
- £6.45million for highways and street scene.
- £250k for Match funding for flood risk management projects
- £200k for Bridge renewal projects
- £200k for Play areas and paths in Parks
- £80k for Alley-gating

2.3 To delegate authority to the Cabinet Member for Environment and Sustainability to approve programmes and schemes within the approved capital allocations for 2020/21 and future years.

## 3. BACKGROUND

3.1 On 13th February 2019, Cabinet approved the business case for a sustained level of capital funding for highways and street scene of £6.45m per year up to and including 2021/22 as shown in the Council's Indicative Programme. The Council's 10-year Capital Strategy and Capital Programme includes an allocation of £6.45m for this work in 2020/21 with an inflationary increase over future years until 2029/30.

3.2 The business case presented the need for essential funding to provide an ongoing and sustained maintenance programme to ensure that Enfield's publicly maintained highways and street scene assets are maintained to an acceptable standard. Table 1 below shows the specific work programmes and the proposed funding for 2020/21 that were identified within the business case.

| Item Description | Proposed Allocation for 2020/21 (£000) |
|---|---:|
| Carriageways- Renewal / Resurfacing Programme | £2,450 |
| Carriageways – Defect Repairs | £455 |
| Footways – Renewal / Resurfacing Programme | £1,350 |
| Footways – Defect Repairs | £1,360 |
| Structures & Watercourses | £550 |
| Verge and Shrub Beds | £50 |
| Highway Trees | £110 |
| Street Nameplates | £25 |
| Minor Highway Improvements | £100 |
| Alley Gating<br>* Previous allocation of £100k now re-allocated as extra £50k to carriageways and £50k to footways since allocation for alleygating now identified separately. | £0* |
| **Total** | **£6,450** |

Table 1

3.3 This report identifies a business case for areas of capital funding that are additional to the previously approved business case of £6.45m for highways and street scene as shown in table 2 below. The areas of capital expenditure identified below have been included in the Council's 10-year Capital Strategy and Capital Programme within the report to Cabinet on 28th January 2020.

| Activity | Annual Funding (£'000) |
|---|---|
| Match funding for flood management projects | £250 |
| Bridge renewal projects<br>*NB £200k has been identified for 2020/21 and then separate reports will be presented for individual projects in future years.* | £200* |
| Play areas and paths in Parks | £200 |
| Alley-gating | £80 |
| **Total** | **£730** |

Table 2

### 3.4 Match Funding for flood risk management projects

3.4.1 Under the Flood and Water Management Act Enfield is responsible as a Lead Local Flood Authority for reducing the risk of flooding from surface water, ground water and ordinary watercourses. Enfield's Local Flood Risk Management Strategy sets out key actions to fulfil its responsibilities, a key feature of which includes constructing sustainable drainage schemes (SUDS) such as wetlands and rain gardens.

3.4.2. Enfield has historically provided a capital budget for this type of work which was primarily used to maintain and improve the existing drainage network, including culvert maintenance. However, it is recognised that we need to continue to maintain Enfield's existing flood management assets and provide funding to support new partnership projects and therefore, in recent years, capital has been increasingly used as match-funding to support external funding applications for flood alleviation projects such as the creation of wetlands, rain gardens and other sustainable drainage schemes. The approved business case of £6.45m for highways and street scene includes an allocation of £200k to fund essential flood management and drainage maintenance work, however, specific, large projects such as the Enfield Chase Restoration scheme will require additional funding.

3.4.3. Enfield has a good track record of submitting bids and attracting funding for this type of Blue/Green infrastructure project from external organisations such as DEFRA, the Environment Agency and Thames Water. Our work in this area is attracting a very high level of interest both at a regional and national level and it is recognised that there are increasing opportunities to attract an increased level of match funding in the future as Enfield's programme grows in scale and momentum

3.4.4. Table 3 below summarises the main types of Blue/Green Infrastructure measures that can attract external funding (or internal Enfield funding from other departments) and the main funding sources.

| **Blue-Green Infrastructure Measure** | **Funding *** | **Evidence Base** |
|---|---|---|
| SuDS (retrofit to Highways, Housing or other public sector land) | • Thames Water<br>• TfL (LIP and Liveable Neighbourhoods)<br>• Cycle Enfield<br>• Road Safety (Quieter Neighbourhoods)<br>• Highways drainage, tree replacement and footway schemes<br>• Regeneration | London Strategic SuDS Pilot Study (led by Enfield) – draft Technical Report demonstrates flood and non-flood benefits associated with dispersed SuDS |
| Constructed Wetlands in Parks and Open Spaces | • GLA Greener City Fund<br>• Thames Water Community Investment Fund<br>• Rivers Trust<br>• Commercial partners (such as Coca-Cola) | Thames21 study underway – this will investigate flood risk and water quality benefits associated with delivering 15- 20 new wetlands in Pymmes Brook and Salmons Brook catchments |
| Natural Flood Management | • GLA Greener City Fund<br>• Forestry Commission (tree planting)<br>• Natural England<br>• Countryside Stewardship | Salmons Brook NFM project – aim is to deliver NFM measures and evaluate performance, currently in year 2 of 4, full-time Project Delivery Officer started in 2018 |

* These funding opportunities are in addition to CIL/S106, Watercourses capital funding, EA/Defra Grant in Aid and Thames Regional Flood and Coastal Committee Local Levy which apply to all BGI projects

Table 3

3.4.5. The following specific opportunities have been identified for funding flood risk management projects in 2020/21:

- £150k for Enfield Rural Catchment Project: This project enables a huge area of land to be modified in a way that enables Natural

Flood Management techniques to be employed that would otherwise not be viable. This project is the subject of a separate Cabinet report which has identified the need for £150k of Enfield funding which will attract over £1m of external funding.

- £80k towards SuDS/wetlands: Thames Water are proposing to make £150k available to each local authority in April 2020 for SuDS/wetlands construction. It is estimated that this will require approximately £80k of match funding from Enfield to make a viable project.

3.4.6. Reservoirs:
The Council has a statutory duty to inspect and maintain reservoirs within the borough. Bodies of water such as the lakes within Grovelands and Trent Parks are classed as reservoirs. In recent years, the statutory inspections have required works costing £10k - £20k per year although specific one-off projects such as raising the level of the spillway at Grovelands reservoir have cost considerably more. It is therefore recommended that an annual capital budget of £20k is provided, which previously has not been funded.

3.4.7. It is therefore recommended that an additional capital allocation of £250k is made available in 2020/21 to fund the above projects. It is also recommended that this level of additional funding be provided on an annual basis over a 10 year period to attract further external monies in order to implement flood risk management projects in accordance with Enfield's Local Flood Risk Management Strategy.

### 3.5 Bridge Renewal Projects

3.5.1 As a highway Authority the Council is responsible for over 340 bridges and other structures such as retaining walls and culverts. In addition, there are over 40 small footbridges in parks.

3.5.2 Enfield has an aging bridge stock and many of these bridges are reaching the end of their serviceable life. Officers manage and inspect Enfield's bridges using asset management practices in accordance with national Codes of Practice. Enfield's bridges are maintained in a serviceable condition through a range of activities such as regular inspections and responsive maintenance which is prioritised on a risk-based approach.

3.5.3 On 13th February 2019, Cabinet approved a business case for an allocation of £350k in 2020/21 as part of the overall £6.45m for highways and street scene to support of the Council's duty under the Highways Act to maintain bridges. In previous years this has typically funded lower cost maintenance schemes and smaller footbridge replacement schemes in order to maximise the benefit of limited funding, but it does not allow for any larger bridge repair or replacement projects to be taken forward.

3.5.4. The £350k has typically been broken down to £250k for maintaining highway structures and £100k for parks bridges. The total asset value of public road bridges has been estimated at £258m, which doesn't include parks bridges. Expenditure of £250k on bridge maintenance per year therefore only represents an annual investment of 0.1% of asset value.

3.5.5. Enfield uses a bridge management database which has been developed by Engineers from the London boroughs with input from specialist consultants. Enfield's Engineers inspect individual elements within a bridge and allocate a score based on its structural importance and condition. These are then aggregated to give an overall condition index for each bridge. Enfield's Engineers have identified 29 bridges and highway structures that are either:

- reaching the end of their serviceable life and require significant maintenance or replacement/decommissioning.
- have critical elements which require significant maintenance due to their condition

3.5.6 It is currently not possible to calculate a value of the cost of the scheme work required because, for each structure, a feasibility and costed options study is required to determine the most appropriate course of action. This report therefore recommends an additional £200k in 2020/21 to enable officers to undertake targeted feasibility studies on the highest priority structures, which will then enable a recommended proposal to be developed on an individual bridge by bridge basis and for these to be submitted for approval of the funding. The Council's 10-year Capital Programme makes provision for £3.2m of expenditure on bridge schemes but it is not possible to clarify which years the funding will be required until detailed proposals have been developed. Future reports will be submitted to clarify this.

3.5.7 The priority for undertaking feasibility studies for each bridge may change within the overall programme as they continue to be managed through the normal process of inspections and monitoring.

3.5.8 During the 1990's Enfield benefited from the DfT-funded bridge assessment programme. This enabled Enfield to replace some of its older bridges which did not meet the strength requirements to carry 40 Tonne lorries, for which they were never designed. TfL still funds a bridge strengthening and replacement programme but there is insufficient funding to cover all boroughs' requests (the allocation was £4m in 2019/20 for 32 boroughs but funding was prioritised to London's strategic bridges). There is a possibility that TfL's allocation may increase in future years and, if Enfield was to have fully prepared proposals, it would then be able to submit funding requests to TfL should the opportunity arise.

## 3.6 Parks Infrastructure

3.6.1 The London Borough of Enfield has 130 parks and open spaces and 92 play areas (excluding housing sites). Responsibility for play areas in parks and infrastructure in parks such as paths, paved areas and fences was transferred to Highway Services in April 2019. These assets are therefore managed using an asset management approach similar to highway assets ensuring that they are maintained in a serviceable condition through a range of activities such as regular inspections and responsive maintenance which is prioritised on a risk-based approach. Officers are part of the way through undertaking a full up-to-date condition survey in order to establish a prioritised schedule for planned maintenance, which will supplement reactive maintenance activities arising from regular safety inspections. Results identified so far have highlighted the need to fund the renewal of some aged pieces of play equipment and the maintenance/renewal of paths/fences in poor condition as described below.

3.6.2 Play Areas – The 92 play areas (excluding those within Housing sites) have a total of 1,234 separate pieces of play equipment (assets). Every asset is inspected on a daily/weekly basis, quarterly and annual basis at a prescribed level of detail. Defective equipment must be repaired or decommissioned/removed/replaced when it is damaged or has come to the end of its life. Results from inspections listed on the asset management software, 'Playmapping', show 44 assets will come to the end of their life by 2020. It is estimated that £100k will need to be spent on replacement of life-expired items, and potentially £50k on equipment failures where replacement is required. In addition, the Council incurs costs arising from vandalism of playground equipment.

3.6.3 Park Paths – Enfield has approximately 210km of footpaths within its parks. A recent legal ruling identified that a path in a park, where it is properly constructed and surfaced, should be counted as a 'highway maintainable at public expense' in accordance with the Highways Act. Highway asset management processes must therefore be adopted to demonstrate compliance with relevant codes of practice, supported by the appropriate level of funding for planned maintenance activities over future years.

3.6.4 A detailed survey was undertaken several years ago which identified that 55km of paths required urgent maintenance. Approximately half of this work has now been completed from previous capital allocations, but the lack of capital funding last year has meant that there is again a growing backlog of structural maintenance required. For example, during the last three months paths and paved areas in the following parks have been identified as requiring substantial maintenance:

- Oakwood Park
- Grovelands Park
- Broomfield Park
- Trent Park – Limes Avenue

- Trent Park Car Park
- Forty Hall Woodland Path

The Council regularly receives complaints about the condition of these assets and the estimated cost of this work alone is estimated to be approximately £600k.

3.6.5 Parks Fencing – There is approximately 90km of fencing in and around Enfield's parks with a gross replacement cost of £9.5m. Some lengths of fencing have been replaced on a reactive basis, but a more planned approach needs to be taken as part of a longer term strategy. If this fencing was to be renewed over a 25 year period, it is estimated that an annual budget of £380k would be required, however, consideration will be given to removing dilapidated fencing where it is safe and appropriate to do so.

3.6.6 It is recognised that the sums of capital funding identified for parks assets above are significant and will present a pressure on the Council's capital strategy and programme. An annual allocation of £200k is therefore identified in the 10-year capital programme.

**3.7 Alley Gating**

3.7.1 There is strong evidence that alley gating reduces burglary and disorder and increases the perception of safety and satisfaction within the area of residence. Police statistics indicate that a sizeable number of burglaries are associated with access to the rear of properties as these are usually hidden from the public view. Installation of gates improves security to all properties which back onto the alley.

3.7.2 There were 2,664 residential burglaries in the Borough in the 12 months ending October 2019, compared to 2,400 in the previous year. This is an increase of 11%. This is significantly above the London residential burglary rate which recorded an increase of 2% in the same period.

3.7.3 In recent years an allocation has been made available to fund alley gating schemes from within the overall capital allocation for highways and street scene, however it is proposed that a separate annual budget of £80k be specifically allocated to fund alley gating projects and this has been included in the 10-year capital programme.

## 4. ALTERNATIVE OPTIONS CONSIDERED

It is recognised that the level of funding required exceeds the level of funding available taking into account the many other pressures and priorities for the Council. Alternative levels of funding would allow programmes to be progressed at different rates with corresponding implications on the maintenance backlog. Like all authorities, Enfield therefore deploys a combination of asset management techniques to deal with this scenario, including reactive and programmed treatments and, in the worst case scenario, closure/decommissioning.

## 5. REASONS FOR RECOMMENDATIONS

Confirmation of the capital budgets identified within this report will allow the Council to continue with its programme of maintaining the condition of assets in a serviceable condition through a range of asset management techniques, thereby supporting our ability to comply with legal obligations and codes of practice.

## 6. COMMENTS FROM OTHER DEPARTMENTS

### 6.1 Financial Implications

6.1.1 Total budget required for the 2020/21 highways, streetscene and parks infrastructure capital programme is £7.2m. This will be wholly funded from borrowing. The assets to be acquired in this programme generally have a minimum lifespan of 25years. The council's current average cost of borrowing is 3.5% and therefore total interest cost on this level of borrowing (£7.2m) over a 25year period will be £3.72m. Total repayments covering both principal and interest costs will be £0.437m per annum.

6.1.2 Annual maintenance costs arising from this programme will be funded from existing highways revenue budgets.

6.1.3 The highways, streetscene and parks capital programme has historically been supported by grants from external bodies such as DEFRA, Environment Agency, GLA and Thames Water. This is expected to continue with the 2020/21 programme.

### 6.2 Legal Implications

6.2.1 Section 1 of the Localism Act 2011 permits the Council to do anything that individuals generally may do provided it is not prohibited by legislation and subject to public law principles.

6.2.2 The Council has a duty under Section 41 of the Highways Act 1980, to maintain the highway structures within its boundaries. The Council's duties in respect of highways under the Highways Act 1980 extends to bridges within its area.

6.2.3 In addition recent case law demonstrates that public paths in parks properly constructed and surfaced fall within the remit of a highway maintainable at public expense under the Highways Act 1980 [Barlow v Wigan Council [2019] EWHC 1546 (QB)]

6.2.4 The Council has a duty as a Lead Local Flood Authority (LLFA). The Flood and Water Management Act 2010 requires LLFAs to act in a manner that is consistent with the Local Flood Risk Management Strategy. The proposals in this report will help to implement the actions identified in the Local Flood Risk Management Strategy.

6.2.5 The report recommendations are in accordance with these powers and duties.

*(Legal imps provided by MO'C on 12 November 2019 based on a report circulated on 8 November 2019).*

### 6.3 Property Implications

None

## 7. KEY RISKS

An adequate level of funding which supports a properly planned and sustained programme of maintenance works is essential in reducing the Council's risk of related personal injury, damage and accident claims, and in providing a defence if and when claims are submitted.

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

### 8.1 Good homes in well-connected neighbourhoods

By improving infrastructure such as bridges and reducing flood risk, this proposal with contribute to the aim of creating good homes in well-connected neighbourhoods

### 8.2 Sustain strong and healthy communities

Well maintained parks demonstrate a strong commitment to local communities and encourages residents to visit parks thereby benefitting from an improved quality of life.

### 8.3 Build our local economy to create a thriving place

Reducing flood risk and providing well managed parks helps to create a thriving place for residents to live.

## 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's budget is not subject to a single Equality Impact Assessment, as it is far too complex for this approach. Instead, Equalities implications will be considered as part of the Portfolio Report approving individual programmes once this allocation has been approved.

## 10. PERFORMANCE AND DATA IMPLICATIONS

The delivery of these works will be managed from inception to completion in accordance with the Council's processes for programme and project management. The contractor's delivery will be managed through appropriate contract monitoring and management arrangements.

## 11. HEALTH AND SAFETY IMPLICATIONS

11.1 Enfield has a duty under s41 of the Highways Act to maintain a safe and usable highway for all users. Having a sustained programme of highway maintenance is an essential part of the overall maintenance strategy. Adequately funded maintenance regimes are crucial to ensure acceptable levels of safety for all asset groups, where neglect could lead to significant consequences. The consequences of potholes and paving trips are widely reported whereas the potential safety implications associated with the management of bridges, play equipment and other parks infrastructure can be particularly catastrophic.

11.2 A sustained level of funding will therefore support the ongoing management and maintenance of Enfield's highway network and associated assets and, as far as reasonably practical, ensure the safety of Enfield's residents.

## 12. PUBLIC HEALTH IMPLICATIONS

12.1 Parks and open spaces are an essential public health asset. Parks must be maintained to a safe, accessible standard for all users to ensure that health benefits are realised.

12.2 Play areas are an essential health benefit for children and a vital learning tool for social and motor skills. This benefit increases in densely populated urban areas with fewer opportunities for outdoor play.

12.3 Well maintained paths are of particular benefit to people of all ages and abilities.

12.4 Where appropriate parks fencing should be maintained to provide a physical barrier to hazards and create dog free zones which can make areas more attractive, particularly to those with small children.

**MUNICIPAL YEAR 2019/2020 REPORT NO. 174**

**MEETING TITLE AND DATE:**

**Cabinet Meeting -**
**28th January 2020**

**REPORT OF:**
Executive Director Place

Joanne Drew
Director of Housing and Regeneration

| **Agenda – Part:1** | **Item: 8** |
|---|---|

**Subject: HRA 30-Year Business Plan 2020**

**Wards: All**
**Key Decision No: KD4969**

**Cabinet Member consulted: Cllr Gina Needs, Cllr Caliskan**

Contact officer and telephone number:

Sarah.carter@enfield.gov.uk 020 8132 1363

**EXECUTIVE SUMMARY**

1.1 This reports sets out a revised HRA 30-year Business Plan following a review to align the Plan with the Good Growth Housing Strategy. being considered by Cabinet on the 28th January 2020. It addresses the investment required to improve the quality and to ensure the safety of existing council homes as well as the delivery of new homes and regenerated places.

1.2 We have worked with Savills to develop a revised Financial and Investment Framework which will underpin decision making as we develop and implement our plans to significantly increase our development programme. This framework will allow smooth and efficient decision making to enable schemes to be brought forward effectively as the programme proceeds.

1.3 The business plan incorporates the opportunity to fund an extensive programme of new development and regeneration totalling up to 3,500 new affordable council homes over the 10 years from 2020-2030 and to deliver service transformation to improve the quality of services. The report seeks approval for the following:

- A revised Financial and Investment Framework to ensure the sustainability of the Business Plan.
- The approach to the modernisation of existing Council homes.
- The adoption of an extensive programme to deliver 3,500 new affordable Council homes between 2020-2030.
- To continue work with the GLA to explore how Councils can expand further Council House Building and to lobby Government for additional funding to meet the new requirements of the Building Safety regime.

## 2. RECOMMENDATIONS

Cabinet approves:

2.1 The revised HRA Business Plan and supporting Investment Framework comprising the financial metrics on which we will ensure sustainability as we develop further proposals including updated borrowing requirement from £315m to £656m over the next 10 years.

2.2 Delivery of the 10-year capital programme as shown in Appendix A and to agree that arising from this programme the Executive Director of Place and Director of Housing and Regeneration will be authorised the award of the contracts included in the five-year capital programme.

2.3 An income target of £1m per annum to dispose of properties at void stage which have high maintenance costs, which do not meet resident needs or which best support the wider regeneration programme of delivering new homes.

2.4 To note the 10-year HRA Capital Programme budget will come forward as part of the Councils 10-year Capital Programme recommended to Council in February 2020.

2.5 To note the assumed rent policy set out in Paragraph 7 which provides for a rent increase in April 2020 of 2.7%. Cabinet approval will be sought in the Rent Setting report in February which will then be subject to recommendation to Council.

2.6 Delegate to the Director of Housing & Regeneration in consultation with the Cabinet Member for Social Housing decisions in regard to the recovery of costs from leaseholders, for Building Safety measures in line with guidance and that Government should be lobbied to meet any costs associated with leaseholder contributions that fall to the HRA and that are not recharged.

2.7 To continue to support the work of the GLA in seeking to enhance Council's capacity to expand further the delivery of Council homes in the 2022 Building Council Homes for Londoners programme. To note that the Business Plan does not pre-empt and provide for funding for future Building Safety requirements arising from new legislation and any enhancements arising from the Social Housing White paper including a potential Decent Homes 2 standard and that Government should be lobbied to provide funding for these costs.

2.8 To introduce from 1 April 2021 de-pooled and re-apportioned services charges after consultation with residents and the Cabinet Member for Social Housing.

## 3. BACKGROUND

3.1 The Council's Housing Strategy places emphasis on investing in our existing Council housing, building new Council homes and regenerating places and improving the service to tenants and leaseholders including through an improved repairs offer managed in-house. The Council has control over how it uses its financial capacity in the HRA to deliver its objectives. With the lifting of the debt cap it is possible to borrow in a sustainable way through the delivery of new homes with additional revenue generated or stock investment that reduces responsive repairs costs and extends property life.

3.2 This report sets out proposals to align the financial strategy with our strategic ambitions and to provide a financial framework to enable decisions to be made in the future. It addresses our proposed approach to investment in existing Council housing to improve the safety and quality of homes, to the investment in new council housing and regeneration schemes and to our approach to setting Rents, service charges and general charges

3.3 We await further clarification from Government on its future direction for social housing through the forthcoming Social Housing White paper. This included proposals to introduce new primary building safety legislation and a new Decent Homes Standard which is likely to include higher safety, quality, sustainability and energy efficiency standards. The full cost implications of the new Building Safety Regulatory system expected to be enacted in 2021 are unquantifiable at this point.

3.4 Whilst we await this clarification we have considered the requirements, programmes and costs to address building safety in the existing context. The capital programme includes £48m for building safety works over the next 5 years. A further report will be presented to Cabinet in the light of lessons learnt from our high rise pilots, from more detail about the Building Safety requirements and how we may be able to seek external sources of funding to contribute to the new requirements which are likely to be significant.

3.5 Cabinet has previously agreed investment in the Better Council Homes programme, (KD 4830) which is delivering a service delivery operating model with the intention of driving transformation in the service supported by a new ICT system. It is the intention of this programme to ensure that resources are deployed to the right priorities and to enhance resident satisfaction. The Business Plan includes efficiency assumptions arising from this programme.

3.6 A survey undertaken in April 2019 by external consultants showed current levels of satisfaction is at 52% for general needs tenants and 39% for leaseholders, with the following areas key drivers for improvement to be addressed in the programme;

- Repairs, & Quality of Homes
- Environment & ASB
- Communication & Access to Services
- Building Safety & Resident engagement

## 4. A REVISED FINANCIAL FRAMEWORK

4.1 The following framework for judging the viability of the HRA Business Plan is proposed which has also been aligned to the Councils Capital and Treasury Strategy. These metrics have been recommended by Savills based on successful operation of similar minimum/maximum metrics in the housing association sector. They represent a sound and effective way of managing borrowing and investment capacity:

- A minimum closing reserve balance of 5% total revenue expenditure and 5% capital expenditure budgeted for each financial year.

- Interest Cover Ratio – defined as net operating surplus divided by HRA interest costs – set at a minimum 1.25.

- Loan to Value ratio – defined as outstanding HRA borrowing (HRA Capital financing Requirement) divided by total asset valuation of HRA assets in the balance sheet – set as a maximum 70%.

4.2 By adopting such measures and testing changes to the plan against these, this will enable the Council to maximise its outcomes whilst ensuring a sustainable business plan and ensure that decision making on future HRA capital schemes will become more efficient considering long-term income and expenditure forecasts. It should be noted that under-investment in stock and the service has caused a legacy of issues which are being tackled as part of the Better Council Homes programme. This means that it will take us 4 years to meet the metrics, but over the life of the 30-year Business Plan these indicators will be within expected parameters.

The key core assumptions in the Business Plan are set out below:

- Right to Buy sales at 60 annually, reducing gradually to 20 pa in 2023-34 – a total RTB stock loss over 30 years of 700 homes (8% of the existing stock at 1.4.19)
- Other disposals due to regeneration, uneconomical and redevelopment of approx. 264 homes over 30 years
- A revised Stock Condition Survey programme which generates a capital investment profile for the existing stock of £556m over 30 years (at today's prices) representing an overall investment of over £1,100 per home per year over the term of the plan subject to future requirements for building safety
- Rent increases at CPI+1% from 2020-2025, with CPI –only increases from 2025 onwards
- General inflation 2.0% pa.

Our programme ambitions are:

- A core new build and acquisition programme of 1,031 homes from 2020-2023
- A further development, regeneration and acquisition programme of 2,469 homes from 2023-2030 (making a total of 3,500 new homes over 10 years)
- Landlord Service transformation to deliver the equivalent of 25% efficiencies in unit service delivery costs commencing 2020 and

completing 2025 – setting a general objective to limit unit costs to the 2020/21 level in cash terms.

4.3 In order to deliver the ambition of 3,500 homes, we will seek development, redevelopment and acquisition opportunities and include an extensive programme combining the delivery of social rent, London Affordable Rent, London Living Rent with the potential for a new council-led Shared Ownership offer and portable shared equity offer for leaseholders affected by regeneration schemes. It should be noted that we are working with the GLA to explore how Councils could scale up housebuilding further in the next round of Building Council Homes for Londoners planned from 2022 and beyond. We are proposing measures such as higher grant rates to subsidise more Council Homes at Social Rent levels and to support our tight build cost per unit assumed in the Plan of £250k. We have also proposed forward funding through interest free debt payable when schemes are revenue generating and disposals.

4.4 In order to secure the most efficient delivery the Development Strategy, outlined elsewhere on the Cabinet agenda proposes measures such as a strategic procurement of constructors to help us to deliver within the Business Plan parameters This area will need to be kept under review.

## 5. INVESTMENT IN OUR EXISTING HOMES

5.1 Savills have been appointed to undertake a 25% stock condition survey. This has concluded that the overall provisions within the previous HRA business plan were generally sound over the long term but with some recommendations on alternative phasing and investment profiles. The updated profile has also helped to inform an economic appraisal of our stock which has *provisionally* concluded that up to 20% of the stock does not generate a positive financial return over 30 years and requires us to do further work on options for the future which include regeneration and disposals.

5.2 Given the position, with the prospects of a new Decent Homes Standard, a new Building Safety regime and a proportion of the stock not performing well financially, we are recommending that the focus of our capital investment is on:

- Maintaining the Decent Homes Standard in stock that is to be subject of an options appraisal on the future.
- A focused, risk based programme of building safety works across our high rise and specialised housing units to meet the new regulatory framework when known, with a targeted risk-led programme across the remaining stock to ensure we meet our statutory duties as Landlord and comply with the Homes Standard.
- Delivering the existing Enfield Homes standard on stock which has a long-term life and taking a life cycle, just in time approach to determining the programme in future.

Our Decent Homes Standard and Voids Standard as at Appendix B.

5.3 A five-year capital programme has been prepared on this basis. Over 2020/21 we will review all stock with a poor financial return to consider options and to bring forward proposals for regeneration schemes or disposals.

5.4 In July 2019, Enfield Council declared a climate emergency, establishing a new taskforce to tackle this issue and pledging to become a carbon neutral Council. In meeting our targets for new housing in Enfield, it is vital that we do so in a way that helps us to create a more environmentally sustainable borough. We will lead the way by setting exemplar standards on sustainability in how we design and build new homes. Investment into our current stock will also be part of this plan with an additional 10% of the major works budget being increased from 2030 for the remainder of the plan to ensure that our Housing stock is carbon efficient by 2050.

5.5 On leaseholder service charges over the last two years the council has taken proactive steps to remediate cladding systems across its portfolio. In line with Central Government's position statement, the Council has not sought to recover costs from leaseholders in relation to the replacement/ rectification of cladding systems. As none of the systems remediated, incorporated Aluminium Composite materials (ACM) the Council has not been able to recover costs from the Governments Social Housing Cladding fund. The full cost of works has therefor fallen to the HRA.

5.6 In line with national guidance a review of the stock has identified the need to prioritise the installation of suppression systems in sheltered and supported blocks, to safeguard our most vulnerable residents and future proof these assets. The cost of this work had previously not been quantified but has now been included in the Capital Programme and we estimate this, to equate to £10.5m. In addition, we are retrofitting systems in our eight pilot blocks this financial year (19/20 – Capital cost estimate £4.5m).

5.7 The Council has a fiduciary duty to recharge leaseholders for a contribution to capital works, Leaseholders currently represent 21% of total properties in the Council's general needs blocks over 30 metres in height. There are no leaseholders within Specialised housing units, as such the full cost of installation will fall to the HRA for these sites. As such we seek approval for the Director of Housing & Regeneration in consultation with the Cabinet Member for Social Housing to be delegated authority to agree a cost recovery position for retrofit work, on a building by building basis, in context of the impact on residents, as a result of the wider capital investment programme.

## 6. DELIVERING NEW COUNCIL HOMES AND REGENERATION

6.1 The provision of new Council homes is a strategic priority for the Council to address its homelessness and overcrowding pressures and to meet the future needs of residents. Elsewhere on the Cabinet agenda is a report outlining our proposed Development Strategy which links to this plan. The Business Plan review has identified that in addition to our existing GLA funded Council House Building programme we have capacity to delivery circa 1000 homes over the next three years with the ability to deliver 3,500 homes over the next ten years (which includes the Joyce and Snells regeneration and the 800 affordable homes to be reprovided), subject to key assumptions being delivered such as a build cost of £250k and regeneration cost of £350k.

6.2 In conjunction with the review of stock highlighted previously we will also explore areas that have development potential and/or are in urgent need of regeneration. During 2020 we will carry out options appraisals on potential regeneration areas and explore ways in which these can be funded using the principles for regeneration outlined in our Housing Strategy. The ambitious programme is likely to incorporate a mix of affordable housing tenures, including Social Rent, London Affordable Rent, London Living Rent and Shared Ownership, and we are reviewing the scope to introduce a new, more affordable, Enfield-specific shared ownership product in due course. The precise tenure mix on each scheme will be developed according to local considerations around the needed housing mix and affordability

6.3 Additionally it is the intention to dispose of properties (when they become void) which have high maintenance costs, which do not meet resident needs or which best support the wider regeneration programme of delivering new homes. It is expected that these disposals will generate c. £1m per annum.

6.4 Other options to consider include reviewing the RTB receipt spend over the next 5 years. The receipts received through sales represent 30% of total spend required, the other 70% is match funded from the HRA (borrowing/reserves). If RTB receipts are passed onto Housing Associations/Registered Providers, then only 30% of the receipt needs to be spent and the HA/RP contributes the remaining 70%. By entering into these agreements this would free up resources to assist in funding future investments. The table below shows the RTB receipts required to be spent with the match funding from the HRA:

| Financial Year | Amount We Must Spend (30%) | Match Funding (70%) | TOTAL (100%) |
|---|---|---|---|
| 2020-21 | 12,856,648 | 29,998,846 | 42,855,494 |
| 2021-22 | 8,261,068 | 19,275,825 | 27,536,893 |
| 2022-23 | 11,589,682 | 27,042,591 | 38,632,273 |
| 2023-24 | 9,859,240 | 23,004,893 | 32,864,133 |
| 2024-25 | 5,454,156 | 12,726,364 | 18,180,520 |
| **Total** | **48,020,794** | **112,048,520** | **160,069,314** |

## 7. RENTS AND CHARGES

7.1 The HRA has a turnover of £65million. It's sustainability and the ability for us to deliver the Council's objectives outlined above relies on maximising income whilst ensuring affordability and value for tenants and leaseholders. The Business Plan rent increases at CPI (assuming 2%) + 1% for five years and CPI flat for the remainder of the plan with a void rate of 1%.

7.2 Specific rent levels are governed by Government requirements for existing tenants and GLA funding conditions for newly developed homes. It should be noted that from April 2020 Rent Standard (regulated by the Regulator of Social Housing) applies to local authorities and that the Regulator will undertake monitoring to ensure its adoption. Our rent policy considers all these factors and is recommended as follows:

- From April 2020 we will increase existing council tenants' rents by CPI+1% until 2025 in line with government policy.
- The CPI rate is taken from September which was 1.7% therefore the rent increase for 2020/21 is 2.7%

- As agreed at Cabinet in 2017/18 all social rent re-lets will be moved to the Target Rent level

- On homes with additional features we will increase rents by the allowable tolerance of +10%, this includes specialised homes such as new Sheltered homes or Supported Housing.

- Local Lettings Plans – Where a lettings plan has been developed to prioritise existing council tenants to access a new build home, London Affordable Rents will be applied as tenants have choice on moving to a new build home

- On all newly built homes with GLA grant funding we will apply the required London Affordable Rents which excludes service charges.

- On all newly acquired homes the council will charge London Affordable Rents

- On all new build re-lets (which may have been originally let to an existing tenant on a social rent level, including estate regeneration schemes) we will charge London Affordable Rents

This results in rents as follows

| Bedroom Size | Enfield Social Rent 2020/21* | Average Target rent 2020/21 | London affordable rent 2020/21** | Private Rented Monthly Market Rents 18/19 *** |
|---|---|---|---|---|
| 1 bed | 90.12 | 90.89 | 159.32 | 1163.00 |
| 2 bed | 103.90 | 105.00 | 168.67 | 1300.00 |
| 3 bed | 114.40 | 117.57 | 178.05 | 1595.00 |
| 4 bed | 120.68 | 124.25 | 187.42 | 2000.00 |

*This is the average rent for current tenants. There is the ability to charge up to 5% more on the target social rent levels for specific reasons, for example, a new build council house.

**Subject to agreement at Cabinet January 2020 that the Council adopts the rents for 2020/21

*** Private rented sector rents from private rented market statistics from Government Valuation Office

7.3 A review of service charges was undertaken, and it revealed that there is a potential to recharge more by way of service charges to tenants and leaseholders. We are therefore going to work over the financial year 2020/2021 to de-pool service charges and re-apportion the charges, with a view to introduce new service charges for tenants and leaseholder from 1 April 2021. New and amended charges will be included as part of the rent setting report that is approved at Cabinet every February.

## 8. ALTERNATIVE OPTIONS CONSIDERED

8.1 The Council could seek to change the emphasis of investment for example a greater focus on existing stock investment rather than new build but this would have a negative effect on the business plan and would reduce our ability to meet the overcrowding needs of existing tenants as well as residents on the Housing Needs Register.

## 9. REASONS FOR RECOMMENDATIONS

9.1 The announcement from government to remove the HRA debt cap enabled councils to deliver more affordable homes and the opportunity to review the condition of its existing stock and fire safety compliance.

9.2 This report outlines its review of the HRA business plan and borrowing requirements and approval of projects and programmes that will help deliver the priorities in the emerging Housing Strategy

## 10. COMMENTS FROM OTHER DEPARTMENTS

### 10.1 Financial Implications

**10.1.1** In October 2018 the Government announced the removal of the HRA debt cap which gave Council Housing the ability to increase borrowing to develop more affordable homes. This has prompted Councils to review their HRA Business Plan capacity and the future strategy of the Housing service. A new Housing and Growth Strategy has been developed which sets out the following key principles:

- The need to develop affordable housing within the borough and the ambition to increase this level to 3,500 new homes in the next 10 years

- Investing in our existing council homes to make sure they provide safe and secure homes for future generations and offer high-quality management services.

These principles have driven a 10-year housing development strategy including a pipeline programme of schemes that will be delivered to achieve the new homes target of 3,500 in 10 years. A stock condition survey has recently been completed showing that there is adequate budget to cover the costs of works required.

Savills were appointed to independently verify our existing business plan and to understand the full investment capacity of the plan. Business plan review work has been completed over the past few months and a final updated business plan has now been produced which incorporates the Council Housing growth and development strategies.

The main changes to the HRA Business Plan are as follows:

- Updated Major works programme to reflect Savills stock condition survey results – budget re-profiled in line with phasing of works

- A maximum 10-year development programme of 3,500 units overall (increased from agreed 1,031) including updated GLA and RTB programme and borrowing requirement

- Introduction of financial metrics to ensure future investment decisions are financially affordable and can be sustained within the business plan

- A minimum HRA balance of 5% of the total revenue expenditure and 5% of the capital expenditure (currently £6m per annum)

- 25% efficiency savings in Management and Maintenance over the next 5 years (5% per annum with total saving of £6.8m)

- Disposal of uneconomic properties, estimated to generate £1m additional income per annum for the next 10 years

- CPI for 20-21 is 1.7% (change from the estimated 2%)

All other Business Plan budgets and assumptions have remained un-changed from the Rent Setting report KD4741. The revenue and capital 10-year budgets are shown in Appendix C.

The business plan will continue to be reviewed externally on an annual basis.

**10.1.2** It is proposed to increase the number of new affordable homes to 3,500 in the next 10 years (currently 1,031). A programme to establish a pipeline of schemes has been produced by the development team and these schemes have been built into the business plan.

The programme has been developed using standard build cost and grant assumptions, with RTB receipts assisting in funding the programme.

The pipeline is a mix of Social, London Affordable and Shared Ownership rent tenures. The table in section 7 of the report shows the average rent levels that will be applied to the projects.

The main assumptions are shown below:

| | |
|---|---|
| Build Cost | £250k per unit New Build<br>£350k per unit Regeneration (buyback costs) |
| Grant | £100k per affordable unit £28k per shared ownership unit |
| Average Rents | £100 per week – Social (19-20 rates)<br>£168.81 per week – Affordable (19-20 rates) |
| Shared Ownership | Assumed 30% share purchased |

The current agreed borrowing requirement is £315m, this programme increases the requirement to £656m over the next 10 years.

Borrowing assumptions are based on PWLB loans at 3.5%. Loans from the GLA are also available and depending on future borrowing rates this may be a more viable option in years to come. This will be explored with the GLA to ensure the HRA is borrowing efficiently and can sustain the level of debt.

It should be noted that all borrowing requirements will remain within the Councils financial metrics and in line with the General Funds Prudential Indicators and Treasury Management Strategy which will be approved at Council in February 2020. The loan principal will be paid back in full when it falls due. Interest is charged annually over the life of the loan.

Each scheme within this proposal will be subject to a full financial appraisal and approval report to request funding.

The additional borrowing in this programme is for revenue generating schemes.

The summary pipeline programme is shown in Appendix C.

**10.1.3** The final stock condition survey results have been included in the updated Business Plan. These results have shown that the budget requirement built into the current business plan was adequate but needed to be re-profiled to reflect decent homes requirements as and when due.

Fire safety works have seen an increase in budget requirement to £48m over the next 5 years. This has been built into the plan but lobbying to Government for additional funding for these works is currently underway. This would then enable us to redirect resources to deliver more affordable housing and further investment in our stock.

An additional 10% of the existing major works budget has been included in the Business Plan from 2030 to ensure Enfield is carbon efficient by 2050.

Major works will be billed to leaseholders in line with the Authorities legal duty.

This programme will be funded from revenue rental contributions and reserves. The full 30-year Major works programme is shown in Appendix A.

**10.1.4** As part of the work Savills completed, they have recommended the implementation of financial metrics to ensure that the business plan remains financially viable and within affordable limits. This framework will also enable us to assess future investments decisions.

They have identified the following financial metrics which are considered relevant within the Housing sectors:

| **Metric/Ratio** | **Measure** | **Description** |
| --- | --- | --- |
| **Interest Cover Ratio (ICR)** | 1.25 minimum | • This ratio determines whether the net cost of services covers the borrowing interest expenses.<br>• Ratio of operating surplus divided by interest costs |
| **Loan to Value (LTV)** | 50% maximum | • This ratio measures the level of debt compared to the asset value of our stock<br>• Outstanding debt divided by fixed asset value |

The current business plan has been measured against these metrics and show in

19-20 the current ICR is 0.26 and the LTV is 30%. Although the ICR is currently below the level required this is due to the amount of works currently ongoing, by 2024-25 the ICR rises to 1. 65.. As these legacy works (decent homes and fire works) are completed the ICR will continue to rise towards the recommended level over the short to medium term. However, this doesn't affect the borrowing capacity which is currently within recommended limits and which is sustainable over the 30-year plan.

In order to achieve optimum levels, efficiency savings will need to be met in the first 5 years of the Business Plan. Its proposed that 5% efficiency saving in Management and Maintenance will be applied per annum ending 2024-25. This will generate additional revenue of c. £6.8m. The efficiencies will be partly achieved by the introduction of a new IT system (Civica CX) and insourcing the repairs, these changes are expected to make long term savings. These efficiencies will assist in ensuring the Business Plan remains sustainable.

The updated Business Plan financial metrics are shown below:

| Metrics | Limit | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **ICR** | **>1.25** | -1.62 | -0.43 | -0.16 | 0.37 | 1.65 | 1.49 | 1.56 | 1.71 | 1.79 | 2.07 |
| **LTV** | **<50%** | 38% | 45% | 50% | 50% | 48% | 48% | 49% | 47% | 45% | 47% |

As well as funding metrics, Savills have worked on several efficiency metrics to allow us to compare to industry averages within the Local Authority and Housing Association sectors.

The key efficiency metrics are as follows:

| Efficiency Metrics | Measure | Enfield's Metrics |
|---|---|---|
| Operating Margin | 20-25% | 22% |
| Operating cost per unit | £4,900-£5,900 | £5,100 |
| Management cost per unit | £2,400-£3,000 | £2,200 |
| Maintenance cost per unit | £1,200-£1,500 | £1,400 |

These results have shown that Enfield is in line with the recommended standards.

**10.1.5** Rents will be set in line with the social rent policy. Currently rents will increase by CPI +1%, The September CPI is 1.7% so rents will increase by 2.7% in 20-21. This increases the rent roll by c. £1.5m. Full approval for rents and service charges will be included in the Rent Setting report in February 2020.

**10.1.6** A minimum balance of 5% of the total revenue income (plus interest less depreciation) and 5% of the capital expenditure for the existing financial year, provides the Council with an 'assurance buffer' against unforeseen short-medium term variations to income and expenditure. The current minimum balance is £6m per annum, balances will not go below this level.

**10.1.7** The following sensitivity analysis has been carried out:

- If rents were to decrease by 1% for a 4-year period this would reduce the expected rental income by c. £23m – this change would reduce our financial metrics further and would impact on the viability of the Business Plan.

- If interest rates for borrowing were to increase from 3.5% to 4.5% the current level of borrowing wouldn't be affordable within the plan.
- If interest rates for borrowing were to reduce from 3.5% to 2.5% this would improve the ICR and create additional borrowing if required.

**10.1.8 Financial Risks**

The updated business plan is based on achieving reductions in Management and Maintenance costs (c. £1.3m per annum). If these savings aren't achieved it could impact on the affordability of the proposals included in the Business Plan.

Long term future rent uncertainty – any rent reductions will have a significant impact on the Business Plan.

Borrowing rates are assumed at 3.5% - if this rate was to increase this would affect borrowing capacity and will impact on the viability of the business plan.

Future building regulation changes could include zero carbon agenda and potentially decent homes standard 2

The 10-year development programme is based on £250k build cost and £100k grant per unit. The assumed build cost is based on Savills market knowledge and may in practise prove to be higher. If build costs were to increase this would impact the number of units we are able to deliver.

The additional borrowing rate of interest for this project is 3.5% which was the Council's average rate of borrowing as at financial year end 2018/19 and this was based on historical borrowing costs. The current available borrowing rate is between 3.15% to 3.33%, presenting a small element of headroom to mitigate interest rate risk, albeit there is still some level of uncertainty with interest rates.

This additional borrowing will be undertaken in line with the Council's Treasury Management Strategy Statement (TMSS) for the period 2020/21 to 2029/30, which will be tabled for the full Council approval in February 2020. The TMSS need to comply with the Local Government Act 2003, other regulations and guidance to ensure that the Council's borrowing plans are prudent, affordable and sustainable and must comply with the statutory requirements. We aim to achieve compliance with statutory requirements by monitoring and reporting some relevant treasury and prudential indicators targets set identified with the aid of some financial metrics relevant to the Housing sectors.

**10.2 Legal Implications**

**10.2.1** Section 111 of the Local Government Act 1972 provides a local authority power to do anything which is calculated to facilitate or is conducive or incidental to the discharge of any of its functions. Section 1 of the Localism Act 2011 gives the Council the power to do anything an individual may do, subject to a number of limitations. The Council may exercise this general power of competence for its own purpose, for a commercial purpose and/or for the benefit of others.

**10.2.2** Section 21 of the Housing Act 1985 (as amended) ("the 1985 Act") provides the Council with powers for the general management, regulation and control of a local housing authority's houses

**10.2.3** Section 24 of the 1985 Act allows the Local Authority to set their own rents, and to review these rents periodically and make necessary changes if circumstances allow.

**10.2.4** The HRA consists of expenditure on Council-owned housing and there is a statutory requirement whereby the Council is obliged to keep its HRA separate from other housing activities in accordance with the Local Government and Housing Act 1989 (as amended) ("the 1989 Act"). In addition, there is a requirement not to allow cross-subsidy to or from, the Council's General Fund resources.

**10.2.5** The Council is required to prepare proposals in January/February of each year relating to the income of the authority from rents and other charges, expenditure in respect of repair, maintenance, supervision and management of HRA property. The Council has to secure that the HRA for any year does not show a debit balance. Section 76 of the 1989 Act places a duty on local housing authorities: to produce, and make available for public inspection, an annual budget for their HRA which avoids a deficit; to review and if necessary, revise that budget; and to take all reasonably practicable steps to avoid an end-of-year deficit. The revised HRA business plan will assist the Council in meeting these requirements.

**10.2.6** The authority shall, within one month of formulating or revising their proposals in compliance of the duty pursuant to section 76 of the 1989 Act, prepare a statement setting out those proposals as so formulated or so revised and the estimates made by them in formulating/revising these proposals.

**10.2.7** Future decisions emanating from this report regarding the HRA must comply with applicable constitutional, administrative and legislative requirements. Regard must also be had to the Council's fiduciary duties and the statutory framework for the HRA, especially the requirements of the 1989 Act. As applicable consultation with occupiers and other stakeholders may have to be undertaken.

**10.2.8** The Equality Act 2010 requires the Council to have due regard to the public-sector equality when carrying out its functions. Equalities impact assessments may be necessary in reaching such decisions that impact occupiers as a result of the revised plan and consequent changes to housing management schemes.

### 10.3 Property Implications

All Property Disposals will be subject to the council's Property Procedure Rules ensuring best value for the HRA Business Plan.

## 11 KEY RISKS

### HRA 30-Year Business Plan and self-financing

The reform of the HRA financial regime has had a major impact on the operation of the account from 2012/13. The abolition of the borrowing limit in October 2018 provides the basis for a flexible local plan to be developed and delivered based on local considerations.

This report incorporates a proposal to adopt an Enfield-specific Financial and Investment Framework which sets our own borrowing and capacity limits to replace the previous externally imposed borrowing limit. The proposal brings the HRA into line with the General Fund and wider Prudential framework.

The Grenfell fire in 2017 and the Government led Building Safety programme has placed a significant burden on the HRA over the last two years and additional funding has had to be identified and bought forward to finance reactive cladding works and large scale door replacement programmes, following the release of advice notes and changes to Approved Documents.

The Council is considering its building safety programme in preparedness for the forthcoming regulatory framework to ensure the risk of non-compliance at implementation, is mitigated.

The full financial requirements and implications associated with the new primary legislation are still to be fully understood as the findings of the 2019 consultation and scope have not been confirmed.

A draft bill is expected in early 2020. As such financial requirements in this area, will need to be kept under review.

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

### 12.1 Good homes in well-connected neighbourhoods

Well maintained, good quality and safe council homes have an important impact on the standard of property in the borough. Council rent income is a key income for the housing revenue account to maintain housing stock.

### 12.2 Sustain strong and healthy communities

Setting fair charges, investing in the Council's housing stock and effective management are some areas of this report that will have a positive effect on the local community.

### 12.3 Build our local economy to create a thriving place

This proposal aims to ensure a thriving high-quality place that improves satisfaction for our customers.

## 13 EQUALITIES IMPACT IMPLICATIONS

The HRA 30-Year Business Plan supports the delivery of high-quality services that promote equality and values diversity

## 14 PERFORMANCE AND DATA IMPLICATIONS

Setting a balanced robust HRA Business Plan should enable the HRA performance targets to be met. Sound medium term financial plans are essential to support the delivery of excellent services and efficient use of resources. The budget proposals will ensure that limited resources are targeted at key priorities.

## 15 HEALTH AND SAFETY IMPLICATIONS

The full impact of regulatory change in the next two-year period is yet to be fully understood and impact assessed. But it is expected that changes to existing regulations, the introduction of new primary legislation and an enhanced Decent Homes standard, is likely to place a large financial burden onto the HRA and require additional internal (staffing) resources.

## 16 HR IMPLICATIONS

Additional resources to deliver comprehensive developments is a requirement and review of the team's capacity is being undertaken to ensure the team has the key staff it requires.

## 17 PUBLIC HEALTH IMPLICATIONS

Good quality housing plays an essential role in improving public health and wellbeing.

Managing council rental income and mitigating welfare reform is an important part of avoiding debt issues and contributes to the general well-being of residents

**Background Papers**

*None*

# APPENDIX A

| HOUSING - 30 YEAR CAPITAL PROGRAMME | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 5 Year Bands (no smoothing) | | | | | | |
| | 2019/2024 | 2024/2029 | 2029/2034 | 2034/2039 | 2039/2044 | 2044/2049 | Total |
| **STOCK CONDITION LED WORKS** | | | | | | | |
| Bathrooms | 6,298,500 | 3,076,750 | 4,819,000 | 5,854,500 | 8,703,500 | 4,647,750 | 33,400,000 |
| Doors (inc communal) | 600,000 | 1,836,900 | 1,953,900 | 3,280,900 | 4,322,600 | 3,323,000 | 15,317,300 |
| Electrics (inc communal and smoke alarms) | 9,104,350 | 3,062,300 | 2,695,550 | 2,601,600 | 5,052,300 | 3,220,600 | 25,736,700 |
| External Areas (inc fences. Hardstandings, parking areas etc) | 6,105,525 | 2,347,375 | 1,139,800 | 1,330,475 | 604,625 | 667,175 | 12,194,975 |
| Heating | 16,745,500 | 8,335,750 | 3,560,750 | 9,535,500 | 9,398,750 | 3,681,500 | 51,257,750 |
| Kitchens | 8,430,500 | 11,575,500 | 16,234,500 | 6,437,500 | 8,189,000 | 8,866,000 | 59,733,000 |
| Modular Extensions (brimsdown pods) | 11,110,000 | 0 | 0 | 0 | 0 | 2,490,000 | 13,600,000 |
| Roofs (inc soffits, fascias, downpipes etc) | 13,838,750 | 8,383,700 | 5,535,800 | 8,577,700 | 7,350,650 | 8,165,400 | 51,852,000 |
| Walls | 9,085,500 | 11,065,875 | 6,452,900 | 14,818,375 | 4,641,375 | 4,528,450 | 50,592,475 |
| Windows | 6,611,200 | 5,524,800 | 3,846,800 | 6,229,400 | 11,789,000 | 10,057,000 | 44,058,200 |
| Insulation | 450,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 1,450,000 |
| Garage refurbishment | 2,350,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 4,850,000 |
| Communal boiler changes | 1,800,000 | 2,000,000 | 2,000,000 | | | | 5,800,000 |
| Communal main entrance door | 400,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 1,150,000 |
| Communal floor coverings | 200,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 950,000 |
| TV aerial systems | 40,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 290,000 |
| External lighting replacement | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 600,000 |
| Outbuildings/communal sheds | 800,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 3,300,000 |
| Warden call systems | 100,000 | 125,000 | 125,000 | 125,000 | 125,000 | 125,000 | 725,000 |
| Fire alarm, AFD and warden Call system replacement | 2,150,000 | 50,000 | 100,000 | 50,000 | 50,000 | | |
| Door entry replacement | 100,000 | 125,000 | 125,000 | 125,000 | 125,000 | 125,000 | 725,000 |
| Communal balconies/walkways/ballaustrades | 2,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 7,000,000 |
| Lift replacement project | 5,700,000 | 2,060,000 | 3,780,000 | 1,100,000 | 1,370,000 | 260,000 | 14,270,000 |
| Energy efficiency measure | 400,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 5,400,000 |
| **SUBTOTAL** | **104,519,825** | **63,218,950** | **56,019,000** | **63,715,950** | **65,371,800** | **53,806,875** | **406,652,400** |
| | | | | | | | |
| **DEFINED ASSET LED PROJECTS** | | | | | | | |
| New Southgate - externals | 2,700,000 | | | | | | 2,700,000 |
| Enfield North Externals | 1,400,000 | | | | | | 1,400,000 |
| Channel Islands - Heat pumps etc | 193,062 | | | | | | 193,062 |
| Winchmore Hill - externals | 400,000 | | | | | | 400,000 |
| Exeter Rd - GSHP | 600,000 | | | | | | 600,000 |
| Water tank replacements - legionella works | 370,000 | | | | | | 370,000 |
| Decent Homes out of borough - Waltham Cross | 1,500,000 | | | | | | 1,500,000 |
| Upper Edmonton -externals | 8,100,000 | | | | | | 8,100,000 |
| Cambridge Road West - Externals | 4,575,000 | | | | | | 4,575,000 |
| Exeter Road - fire stopping | 130,000 | | | | | | 130,000 |
| Dry riser project | 200,000 | | | | | | 200,000 |
| Mains water replacement Exeter road | 160,000 | | | | | | 160,000 |
| Voids Capitalisation | 650,000 | | | | | | 650,000 |
| Older schemes | 600,000 | | | | | | 600,000 |
| GSHP Walbrook | 1,700,000 | | | | | | 1,700,000 |
| Pruden close boiler replacement | 1,000,000 | | | | | | 1,000,000 |
| Avenues and Newdales minor refurb programme | 1,500,000 | | | | | | 1,500,000 |
| **SUBTOTAL** | **25,778,062** | **0** | **0** | **0** | **0** | **0** | **25,778,062** |
| | | | | | | | |
| **DEMAND LED WORKS** | | | | | | | |
| Aid and adaptations | 5,550,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 30,550,000 |
| Aid and adaptaion conversions | 1,700,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 6,700,000 |
| Environmental improvements | 2,440,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 14,940,000 |
| Unidentified asset works (stacks, aging infrastructure etc) | 1,650,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 4,150,000 |
| Structural works | 200,000 | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 1,450,000 |
| 14 Dover House - conversion to flat | 50,000 | | | | | | 50,000 |
| Dover house doctors surgery - conversion to flat | 100,000 | | | | | | 100,000 |
| 12 Dover House - conversion to flat | 100,000 | | | | | | 100,000 |
| Pruden close - conversion of 2/3 flats | 200,000 | | | | | | 200,000 |
| Suffolk road - relining finlock guttering | 22,000 | | | | | | 22,000 |
| The Mall - windows | 15,000 | | | | | | 15,000 |
| Exeter road bin chutes | 60,000 | | | | | | 60,000 |
| Channel island leak stopping works | 2,000,000 | | | | | | 2,000,000 |
| Bliss and Purcell leak stopping works | 1,000,000 | | | | | | 1,000,000 |
| Walbrook leak stopping works | 500,000 | | | | | | 500,000 |
| **SUBTOTAL** | **15,587,000** | **9,250,000** | **9,250,000** | **9,250,000** | **9,250,000** | **9,250,000** | **61,837,000** |
| | | | | | | | |
| **FIRE LED PROJECTS** | | | | | | | |
| Bliss House fire stopping and sprinklers | 550,000 | | | | | | 550,000 |
| Purcell House fire stopping and sprinklers | 550,000 | | | | | | 550,000 |
| Walbrook House - fire stopping, sprinklers | 3,800,000 | | | | | | 3,800,000 |
| Cladding replacement Walbrook house | 4,500,000 | | | | | | 4,500,000 |
| Bliss and Purcell cladding replacment | 1,350,000 | | | | | | 1,350,000 |
| Channel island fire stoppping | 1,000,000 | | | | | | 1,000,000 |
| Sprinklers Brittany fire stopping and sprinklers | 1,000,000 | | | | | | 1,000,000 |
| Exeter road ACM remediaton | 250,000 | | | | | | 250,000 |
| Fire panel replacement Woolpack and Keys | 100,000 | | | | | | 100,000 |
| Brookbank Hse - External and internal works | 368,360 | | | | | | 368,360 |
| Jackson & Swinson Hses -External and internal works | 247,030 | | | | | | 247,030 |
| Gainsborough; Bonington & Constable Hses -Cladding/ spandrel remediation and internal works | 1,213,290 | | | | | | 1,213,290 |
| Chesire & Shropshire Hse -Spandrel remediation; internal works and sprinklers | 759,460 | | | | | | 759,460 |
| Scott Hse - External, internal works & sprinklers | 2,100,000 | | | | | | 2,100,000 |
| Woolpack; Keys; Dorset & Welch Hse - Internal works | 848,900 | | | | | | 848,900 |
| Exeter Road (4 blocks) - Internal works | 1,100,700 | | | | | | 1,100,700 |
| Cormorant; Curlew & Alma Hse -risk reduction works - pre demo | 50,000 | | | | | | 50,000 |
| Shepcot Hse -risk reduction works - pre demo | 45,750 | | | | | | 45,750 |
| Bridport Hse -risk reduction works - pre regen | 63,880 | | | | | | 63,880 |
| Specialised Housing blocks - Urgent works following T3 FRAs (completed Dec 19) | 250,000 | | | | | | 250,000 |
| Dover Hse -External and internal works | 200,550 | | | | | | 200,550 |
| Specialised Housing blocks - Sprinklers and internal works ( 2 year programme) | 5,000,000 | | | | | | 5,000,000 |
| Normandy; Burgundy & Picardy - Internal works inc sprinklers | 867,940 | | | | | | 867,940 |
| Joyce & Snells (9 blocks over 6 storeys) - risk reduction works- pre-demo | 932,900 | | | | | | 932,900 |
| Hereford & Leicester Hse - Internal works | 130,300 | | | | | | 130,300 |
| Graham & Cumberland - Internal works | 156,800 | | | | | | 156,800 |
| Fore Street Estate (4 blocks) - Internal works | 541,710 | | | | | | 541,710 |
| Walmer & Hastings Hse - External cladding and internal works | 509,020 | | | | | | 509,020 |
| Mid rise blocks - External cladding remediation | 750,000 | | | | | | 750,000 |
| Mid rise blocks (93no) - Smoke ventilation works | 1,000,000 | | | | | | 1,000,000 |
| Mid/ low rise blocks - Roof compartmentation | 2,250,000 | | | | | | 2,250,000 |
| Reynolds; Romney & Hogarth - Cladding remediation | 260,000 | | | | | | 260,000 |
| Low rise timber cladding remediation | 500,000 | | | | | | 500,000 |
| Supported Housing - Mist system and internal works (3 yr programme) | 1,250,000 | | | | | | 1,250,000 |
| Emergency lighting installation programme (mid- low rise installation and upgrades to existing sy | 2,250,000 | | | | | | 2,250,000 |
| Mid/low rise blocks - Compartmentation works (Scope TBC) | 800,000 | | | | | | 800,000 |
| In - flat AFD programme (3 year programme) | 600,000 | | | | | | 600,000 |
| Communal door remediation programme (mid-low rise) | 2,000,000 | | | | | | 2,000,000 |
| Flat Door Remediation programme (3 year programme) | 8,500,000 | | | | | | 8,500,000 |
| **SUBTOTAL** | **48,646,590** | **0** | **0** | **0** | **0** | **0** | **48,646,590** |
| | | | | | | | |
| **SUPPORT SERVICES** | | | | | | | 0 |
| Stock condition surveys | 1,000,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 1,500,000 |
| Professional services | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 1,200,000 |
| Structural investigations | 300,000 | 125,000 | 125,000 | 125,000 | 125,000 | 125,000 | 925,000 |
| Asbestos R&D surveys (Planned works) | 400,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 2,900,000 |
| Fleet Capital repayments | 605,716 | 302,858 | | | | | 908,574 |
| **SUBTOTAL** | **2,505,716** | **1,227,858** | **925,000** | **925,000** | **925,000** | **925,000** | **7,433,574** |
| | **197,037,193** | **73,696,808** | **66,194,000** | **73,890,950** | **75,546,800** | **63,981,875** | **550,347,626** |
| **INCOME** | | | | | | | |
| **RHI** | **-800,000** | **-1,000,000** | **-1,000,000** | **-1,000,000** | | | **-3,800,000** |
| **TOTAL** | **196,237,193** | **72,696,808** | **65,194,000** | **72,890,950** | **75,546,800** | **63,981,875** | **546,547,626** |

**APPENDIX B**

# Enfield Voids

# Void Letting Standard

## 1. Introduction

Set out below are the minimum property standards that all General Needs and Sheltered Accommodation shall meet.

- Meet the relevant legislative standards for: Tenancy (Housing Act 1988), Control of Asbestos Regulations, Building Regulations, Gas Safety Regulations, Electrical Regulations and relevant British Standards.
- Meet the LBE Better Council Homes Standard
- The property will be free from damp, free from rot, water penetration, secure and structurally sound.
- The property, including associated external areas and outbuildings shall be clean, free from rubbish and household contents
- Where decorative finishes (walls, ceilings, doors and architraves) are in a reasonable condition then these will be left ready to receive decoration by the incoming tenants. Where properties are left in poor decorative condition, LBE will undertake sufficient works to allow new residents to decorate.
- Where possible fixtures and fittings will be made good or repaired. Replacements will only be undertaken where a repair is not feasible or economically advantageous.
- Where heating or rewires are required in the next 3 years, or kitchens and bathrooms within the next 1 year these will be undertaken whilst the property is void, other works or works falling outside of these timescales will be undertaken as part of major works programmes

## 2. External Property Standards

### 2.1. Access

All Homes shall have:

- Safe, well-lit and easy access with no obstructions.

- The main path to the front entrance door and any steps to the back door (if present) will be safe and reasonably surfaced so as not to present a tripping hazard and which shall be adequately drained so as not to retain standing water.

- Access stairways (if present) will be secure and not unreasonably steep, any stairway or step shall not vary from current building regulation requirements in such a way as to present an unreasonable level of hazard to users.

- Access stairways (if present) will have an adequate and securely fixed handrail.

## 2.2. Roof and Guttering (where applicable)

- All Homes shall have:

- A roof or roofs which are watertight and free from major defects.

- Gutters, drainpipes, drain covers and water butts will work properly.

## 2.3. Garden (where applicable)

- All gardens shall:

- Be cleared of rubbish and have all vegetation, shrubs and trees reasonably kept.

- Have their walls, fences, boundary lines and hedges etc in good order.

- Have gates (if present) that operate well with gate posts/pillars that are secure.

- Have sheds or ancillary buildings (if present) in good repair and safe.

- Have grass cut to an acceptable level during the void period. During the summer months grass may grow to a high level by the time it is let, but this is considered to be a typical task for the incoming resident.

- Any ponds will be filled in.

- Any outside toilets will be removed.

## 2.4. Rubbish Disposal

All Homes shall have:

- Sufficient bins will be provided for a normal household's use, depending on the size of the Home.

- Recycling and refuse bins will be left clean and empty

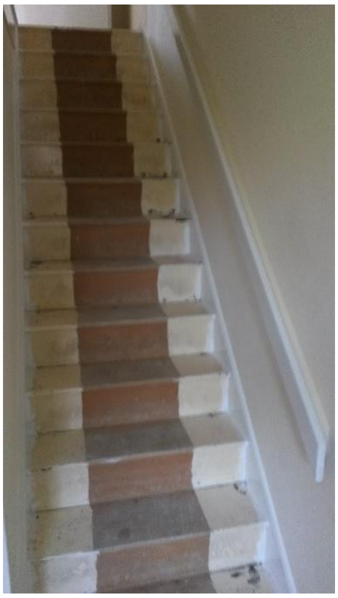
# 3. Internal Property Standards

## 3.1. Doors

Doors shall meet the following standards:

- External front (main entrance) doors and frames shall be of exterior grade quality and should be reasonably secure from unauthorised access. They shall have a rim night latch "Yale type", or where purpose made manufactured door has integral door locking mechanism.

- All other external doors shall have a mortice lock or where purpose made manufactured door has integral door locking mechanism.
- All external front doors shall open freely and be clearly numbered,
- All internal doors shall open, close and fasten properly and have their keys removed, bathrooms and toilets should be provided with a courtesy latch.
- All doors with glazing will be in good condition and if necessary, renewed to current British Standards.



## 3.2. Staircases (where applicable)

All staircases shall have:

- A two-way light switch provided in all stairwells/hallways with more than one floor so that the light can be switched off/on from either floor or floors.
- Staircases and handrails will be safe and secure and meet building regulations. Where open tread staircases or those with no balustrade and spindles are found these will be filled in.

## 3.3. Walls and Ceilings

### 3.3.1. Dampness

- All homes shall be free from damp and mould.

### 3.3.2. Plaster

- All plaster shall be sound and show no movement when examined. Where loose plaster is found it will be removed and made good ready for decoration.

### 3.3.3. Decoration

- Walls and ceiling finishes will be left fit to receive a decorative finish. Decorations will only be provided in the following cases;

- In kitchens and bathrooms where the installation of a complete kitchen and bathroom are undertaken.

- On an exceptional basis for example; in a very poor condition, cigarette staining and odours, graffiti/murals on walls, fire damage, bad mould and damp staining

- All nails and screws will be removed from walls and made good

- All missing/defective sections of skirting board will be replaced

- Where minor decorations are needed in rooms, a decorations allowance will be offered to the resident on a room by room basis.

## 3.4. Windows/Glazing

The following requirements shall apply to windows and glazing:

- Glazing will be in good condition and if renewed will meet current British Standards.

- Windows will be free of rot or decay, able to be opened and closed securely

- Where window locks exist, these will be working, and keys will be issued to them

- Widow restrictors with manual override function will be fitted where practicable


## 3.5. Heating and Electrical Systems

- A source of heating will be provided; this will be either a hot water radiator, electric storage heater or underfloor heating system.

- Registered Gas Safe Engineers will test gas installations and ensure pipework is checked, complete a tightness test to ensure the system is safe and issue a safety certificate.

- All Homes shall have a current NICEIC or NAPIT electrical safety report. This report must have no items marked as requiring urgent attention or investigation.

- A number of sockets will be available, and the following shall be appropriately spaced:

- Living room. 2 double sockets as a minimum

- Double bedrooms. 1 double sockets as a minimum

- Single bedrooms. 1 double socket as a minimum

- Kitchen. 2 double sockets at worktop height as a minimum, 1 socket for a fridge and one socket for a washing machine

- It is the tenant's responsibility to arrange for the connection of gas and electricity supplies, and in some cases the meter(s) too.

## 3.6. Fire Safety

The following standards shall apply:

- All front doors to flats which lead off a communal hallway shall be half hour fire resistant doors
- Internal fire doors will be fitted where applicable
- All properties will be fitted with a smoke/heat detector
- All properties will be fitted with a carbon monoxide detector where a gas installation is present.

## 3.7. Asbestos

Enfield Council's policy is to manage asbestos

- Any asbestos identified within the property will have been made safe in accordance with our policy. Incoming tenants will be provided with specific advice and guidance regarding Asbestos Containing Materials as they relate to the individual property.

# 4. Room Standards

## 4.1. General

### 4.1.1. Flooring

- Sub Floors will be in a sound state to receive floor coverings
- Any form of wood rot/infestation will be fully treated/removed
- All floorboards will be secured and free from excessive splits. All raised nail heads and staples will be removed ready for tenant's floor covering to be laid.
- Properties will be provided with vinyl floor coverings in the following rooms only; kitchen/bathroom/toilet

## 4.2. Kitchens

Kitchens shall meet the following minimum standards:

### 4.2.1. Sink

- There shall be a minimum of a single drainer sink unit.

- Splash backs shall be tiled to a minimum of 300mm (two tiles high).
- Sinks and worktops shall be sealed around edges with silicone sealant.
- All waste pipes and traps shall be free of defects with no leaks or drips.
- Any holes around waste pipes shall be sealed externally.
- Taps shall be in good condition (i.e. no dripping) and easy to operate

### 4.2.2. Kitchen Units

An adequate number of units shall be provided in line with the decent homes standard, as a mimulus:

- There shall be a minimum of one double floor unit and work top (excluding the sink unit).
- There shall be a minimum of two drawers.
- There shall be a minimum of one double wall unit.
- A space will be provided for a fridge freezer

### 4.2.3. Washing machine

- Sufficient space for a washing machine will be supplied for installation under a work surface in the kitchen or equivalent position,
- Appropriate fittings will be installed to allow such installation to take place

### 4.2.4. Stopcock

- Location of the main stopcock will be identified, in a position which is easy to operate and will be tested for correct operation

## 4.3. Bathrooms

The following standards shall be provided:

### 4.3.1. Bath

- The bath shall be fitted securely and there shall be no leaks.

- Bathrooms shall be tiled to a height of 300mm around bath and well-sealed at the joints.

- All bath panels shall be free of defects.

### 4.3.2. Washbasin

- The splash back shall be tiled to a minimum of 300mm (two tiles high).

- Washbasins shall be sealed around the edges with bathroom grade silicone sealant.

- Waste pipes and taps shall be free of defects with no leaks

- Taps shall be in good condition (i.e. no dripping) and easy to operate

### 4.3.3. Toilet

- The toilet shall be clean, secure, free of defects, with a secure seat and the cistern shall fill at a reasonable rate.
-

### 4.3.4. Lighting

- Light fittings shall be of a sealed type appropriate for bathrooms.

## 5. Pest Control Standards

- The property will be free of vermin and pests

## 6. Internal Cleaning Standard

We will do the following;

- Remove all cobwebs

- Remove drawing pins, Sellotape and blu-tac from all walls and surfaces

- Clean electrical sockets, light fittings and switches thoroughly

- Clean the kitchen units, work surfaces, cupboards, drawers and sinks hygienically and rinse off all the dirt and scum (clean the inside and outside of units, cupboards and drawers)

- Clean all bathroom fittings (toilet, sink and bath) hygienically, taking special care over taps and removing limescale

- Clean toilets hygienically and thoroughly including back, front and around the U-bend. Disinfect the floor covering
- Clean and wash down internal windows and frames thoroughly, external when accessible.
- Clean all doors thoroughly, including the front door, doorframes, architraves and side casings.
- Clean radiators at the front and as much as possible behind
- Wash down all skirting boards
- Sweep and mop all storage cupboards
- Clean all tiled areas inside and out
- Sweep all floors, and mop them with disinfectant, removing scuffmarks and paint splashes
- Deodorise all rooms
- Leave all cleaned areas dry and free of marks and streaks
- Remove paper and polythene from new sanitary ware (toilets, baths, basins)

## 7. Handover

- We will leave a property information pack containing relevant property information and contact numbers should there be any problems with your new home

**APPENDIX B**

# Enfield
# Major Works

# Better Council Homes Standard

## 1. Major Works

1.1. LBE has a continued programme of improvement works to make sure all our homes reach, and are maintained, at a good standard. As a minimum all properties will meet the government set Decent Homes standard shown in the table below

1.2. The definition of a decent home is one which meets all the following criteria;

*1.2.1. It meets the current statutory minimum standard for housing*

- Homes which fail this are those which contain one of more category 1 HHSRS failures

*1.2.2. It is in a reasonable state of repair*

- One or more of the key components are old and, because of their condition, need replacing or major repair, or
- Two or more of the other non-key components are old and, because of their condition need replacing or major repair

*1.2.3. It has reasonably modern facilities*

- Dwellings which fail this criterion are those which lack three of more of the following
- A reasonably modern kitchen (less than 20 years)
- A kitchen with adequate space and layout
- A reasonably modern bathroom (less than 30 years)
- An appropriately located bathroom and WC
- Adequate insulation against external noise (where external noise is a problem)
- Adequate size and layout for common areas of blocks of flats

*1.2.4. It provides a reasonable degree of thermal comfort*

- It must have adequate heating and insulation

1.3. One or more key components, or two or more other components, must be both old and in poor condition to render a property non-decent. Components which are old but in good condition or in poor condition but not old would not, in themselves, cause the dwelling to fail the decent homes standard.

1.4. LBE has adopted an enhanced standard on which to assess its properties and may replace components in advance of the published decent homes age criteria.

1.5. For components to be replaced they need to satisfy the criterion of being old (as shown in the table) **and** be in poor condition (requiring replacement or major repair). The only component which can fail based on age alone is electrical systems which will always be replaced when they reach the age given in table 1.

1.6. Work is identified stock condition data held on LBE' Asset Management System and validation surveys ahead of any work. Components are considered for replacement where they are due to fail under due to their age and condition or earlier if considered beyond economical repair.

1.7. Residents have the right to obtain clarity over decisions on improvements to their properties and make sure that the information held by LBE is correct.

1.8. Where an assessment has been made not to carry out works to a property and a resident disagrees with the decision, they can contact LBE Asset Management team, detailing the reason for their disagreement with the decision and requesting a review.

1.9. Some residents may not want improvement work to be completed on their home and can refused some elements of work, however LBE will not allow residents to refuse work that LBE consider;

- Essential to help maintain the integrity of the entire building
- Essential for health and safety reasons (including electrical rewires)
- Elements of Statutory compliance.

1.10. LBE will implement action under the terms of the tenancy agreement to undertake such work. Where an element of work is deemed essential, no other improvement work will be performed until this work is completed.

1.11. LBE and their contractors may refuse to carry out work where a home is considered

- To be at an unacceptable level of cleanliness
- Have too many personal possessions
- Be considered a risk to health or safety
- Where there are any other breaches of the Tenancy Agreement.

1.12. Where properties are identified as above LBE officers will work with residents to help in making any necessary improvements to carry out the works and in helping and supporting resident in obtaining any additional support required after the works have been completed.

# LBE - Better Council Homes Standard

| Building Component | Decent Homes Standard | | | LBE Better Council Homes Standard | | | Key/non-key | Notes |
|---|---|---|---|---|---|---|---|---|
| | Houses and Bungalows | All flats in blocks below 6 storeys | All flats in blocks above 6 storeys | Houses and Bungalows | All flats in blocks below 6 storeys | All flats in blocks above 6 storeys | | |
| Wall Structure | 80 | 80 | 80 | 80 | 80 | 80 | Key | Age and condition |
| Lintels | 60 | 60 | 60 | 60 | 60 | 60 | Key | Age and condition |
| Brickwork | 30 | 30 | 30 | 30 | 30 | 30 | Key | Age and condition |
| Wall finish | 60 | 60 | 30 | 60 | 60 | 30 | Key | Age and condition |
| Roof structure | 50 | 30 | 30 | 50 | 30 | 30 | Key | Age and condition |
| Roof finish | 50 | 30 | 30 | 50 | 30 | 30 | Key | Age and condition |
| Chimney | 50 | 50 | N/A | 50 | 50 | N/A | Key | Age and condition |
| **Flat Roofs** | N/A | N/A | N/A | 20 | 20 | 20 | | Age and condition |
| Windows | 40 | 30 | 30 | 40 | 30 | 30 | Key | Age and condition |
| External doors | 40 | 30 | 30 | 40 | 30 | 30 | Key | Age and condition |
| Kitchen | 30 | 30 | 30 | 20 | 20 | 20 | | Age only |
| Bathrooms | 40 | 40 | 40 | 20 | 20 | 20 | | Age only |
| Heating - central heating gas boiler | 15 | 15 | 15 | 15 | 15 | 15 | Key | Age and condition |
| Heating – central heating distribution | 40 | 40 | 40 | 30 | 30 | 30 | | Age and condition |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| system | | | | | | | | |
| Heating - other | 30 | 30 | 30 | 30 | 30 | 30 | Key | Age and condition |
| **Hot water Cylinder** | N/A | N/A | N/A | 15 | 15 | 15 | | Age and condition |
| **Cold water tanks and associated insulation** | N/A | N/A | N/A | 30 | 30 | 30 | | Age and condition |
| Electrical System | 30 | 30 | 30 | 30 | 30 | 30 | Key | Age only |
| **Extractor Fans – single dwelling** | N/A | N/A | N/A | 10 | 10 | 10 | | Age and condition |
| **Extractor Fans – communal system** | N/A | N/A | N/A | 20 | 20 | 20 | | Age and condition |
| **Passenger Lifts** | N/A | N/A | N/A | N/A | 20 | 20 | | Age Only |
| **Flooring to Communal Areas** | N/A | N/A | N/A | N/A | 15 | 15 | | Age and condition |
| **Loft insulation – gas or oil heated properties** | 50mm | 50mm | 50mm | 275mm | 275mm | 275mm | | Condition only |
| **Loft insulation – electrically heated properties** | 200mm | 200mm | 200mm | 275mm | 275mm | 275mm | | Condition only |
| **Cavity Wall insulation – gas or oil heated properties** | Present | Present | Present | Present | Present | Present | | Condition only |
| **Cavity Wall insulation – electrically heated properties** | Present | Present | Present | Present | Present | Present | | Condition only |
| **Minimum Sap Rating** | 35 | 35 | 35 | 50 | 50 | 50 | | N/A |
| **Smoke alarms (hardwired or battery** | N/A | N/A | N/A | 10 | 10 | 10 | | Age only |
| **Carbon Monoxide Alarms** | N/A | N/A | N/A | 10 | 10 | 10 | | Age only |

Appendix C

| 10 Year Capital Programme | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|---|---|---|---|---|
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| | | | | | | | | | | |
| **CAPITAL PROGRAMME** | | | | | | | | | | |
| **HRA Planned Renewals** | 51,153 | 41,772 | 41,606 | 35,406 | 14,539 | 14,539 | 14,539 | 14,539 | 14,539 | 13,183 |
| **New Build Properties - Eligible** | 21,141 | 32,986 | 39,988 | 27,463 | 6,481 | 12,963 | 12,963 | 3,241 | 3,241 | 0 |
| **New Build Properties - Non-Eligible** | 64,856 | 52,604 | 112,561 | 110,225 | 76,140 | 164,155 | 78,315 | 39,467 | 50,967 | 0 |
| **Receipts Used For Replacement Homes Non H R A** | 7,414 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Capital Programme** | 144,564 | 127,362 | 194,155 | 173,093 | 97,161 | 191,657 | 105,817 | 57,247 | 68,747 | 13,183 |
| | | | | | | | | | | |
| **CAPITAL RESOURCES** | | | | | | | | | | |
| **HRA Use Of Major Repairs Reserve** | 14,168 | 14,546 | 15,026 | 15,629 | 16,289 | 17,096 | 17,875 | 18,201 | 20,405 | 20,553 |
| **Borrowing** | 49,000 | 64,000 | 94,500 | 94,000 | 6,000 | 104,000 | 54,000 | | | |
| **Grant Funding** | 14,004 | 14,450 | 49,048 | 6,460 | 9,464 | 31,150 | | 21,500 | 28,250 | |
| **Useable One-to-One RTB Receipts** | 7,596 | 8,267 | 6,525 | 4,635 | | | | | | |
| **Other RTB Useable Capital Receipts** | 1,861 | 1,914 | 1,967 | 853 | 874 | 895 | 917 | 940 | 963 | 987 |
| **Receipts Used For Replacement Homes Non H R A** | 7,414 | | | | | | | | | |
| **Other Sources Of Finance** | 17,131 | 16,731 | 20,704 | 45,947 | 55,662 | 31,544 | 25,292 | 16,606 | 19,129 | -8,356 |
| **Revenue Contributions To Capital Total** | 33,388 | 7,454 | 6,386 | 5,570 | 8,872 | 6,973 | 7,732 | | | |
| **Total Capital Resources Detail** | 144,564 | 127,362 | 194,155 | 173,093 | 97,161 | 191,657 | 105,817 | 57,247 | 68,747 | 13,183 |

| 10 Year Revenue Budget | 2,020 | 2,021 | 2,022 | 2,023 | 2,024 | 2,025 | 2,026 | 2,027 | 2,028 | 2,029 | 2,030 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| | | | | | | | | | | | |
| **Dwelling Rents** | 53,684 | 55,802 | 58,675 | 62,097 | 66,406 | 71,243 | 76,021 | 81,588 | 85,975 | 88,731 | 93,840 |
| **Service Charges Tenants** | 3,667 | 4,760 | 4,892 | 5,045 | 5,227 | 5,443 | 5,698 | 5,965 | 6,188 | 6,359 | 6,615 |
| **Service Charges Leaseholders** | 4,559 | 5,231 | 5,336 | 5,443 | 5,552 | 5,663 | 5,776 | 5,891 | 6,009 | 6,129 | 6,252 |
| **Voids** | -564 | -595 | -624 | -658 | -702 | -751 | -799 | -855 | -900 | -928 | -980 |
| **Non Dwelling Rents** | 3,211 | 3,324 | 3,391 | 3,458 | 3,527 | 3,598 | 3,670 | 3,743 | 3,818 | 3,895 | 3,973 |
| **RTB Administration Income** | 285 | 285 | 171 | 171 | 171 | 171 | 57 | 57 | 57 | 57 | 57 |
| **Total Income** | 64,843 | 68,807 | 71,840 | 75,556 | 80,181 | 85,367 | 90,423 | 96,389 | 101,147 | 104,243 | 109,757 |
| | | | | | | | | | | | |
| **Responsive Repairs** | 13,948 | 13,536 | 13,917 | 14,364 | 14,868 | 15,391 | 16,725 | 17,327 | 17,871 | 18,324 | 18,940 |
| **Supervision And Management** | 15,292 | 13,937 | 14,376 | 14,831 | 15,341 | 15,870 | 17,155 | 17,753 | 18,294 | 18,746 | 19,358 |
| **Special Services** | 7,561 | 7,690 | 7,843 | 8,000 | 8,160 | 8,324 | 8,490 | 8,660 | 8,833 | 9,010 | 9,190 |
| **Rents Rates Taxes & Other Charges** | 710 | 710 | 710 | 710 | 710 | 710 | 710 | 710 | 710 | 710 | 710 |
| **Bad Debt** | 675 | 710 | 741 | 778 | 825 | 876 | 927 | 985 | 1,032 | 1,063 | 1,117 |
| **Depreciation of Fixed Assets Total** | 13,885 | 14,168 | 14,546 | 15,026 | 15,629 | 16,289 | 17,096 | 17,875 | 18,518 | 18,960 | 19,720 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Expenditure** | 52,070 | 50,750 | 52,133 | 53,708 | 55,532 | 57,458 | 61,102 | 63,310 | 65,258 | 66,812 | 69,034 |
| | | | | | | | | | | | |
| **Net (Cost) Of Services** | 12,773 | 18,057 | 19,707 | 21,848 | 24,649 | 27,908 | 29,320 | 33,079 | 35,890 | 37,431 | 40,723 |
| | | | | | | | | | | | |
| **Loan Interest** | 8,709 | 10,424 | 12,627 | 15,884 | 19,174 | 19,384 | 23,024 | 24,914 | 24,914 | 24,914 | 24,218 |
| **Interest Income** | -120 | -140 | -163 | -212 | -241 | -250 | -261 | -272 | -284 | -297 | -310 |
| **Notional Cash Interest** | -281 | -243 | -73 | -66 | -63 | -75 | -68 | -72 | -98 | -297 | -293 |
| **Capital Account Adjustments** | **8,308** | **10,040** | **12,392** | **15,605** | **18,871** | **19,058** | **22,696** | **24,570** | **24,533** | **24,320** | **23,615** |
| | | | | | | | | | | | |
| **Net Operating Income / (Expenditure)** | 4,465 | 8,017 | 7,315 | 6,242 | 5,778 | 8,850 | 6,625 | 8,509 | 11,357 | 13,110 | 17,108 |

| Development Programme | Total Affordable Homes | Social Rent | London/ Enfield Affordable Rent | Shared Ownership | | Total Scheme Costs | Total GLA Grant | Total RTB Receipts | Total Headroom Required |
|---|---|---|---|---|---|---|---|---|---|
| | Number of Units | | | | | £m | £m | £m | £m |
| Direct Delivery Sites - Council owned sites | 1,774 | 394 | 1,136 | 244 | | 566.9 | 85.6 | 25.9 | 455.3 |
| Street Property Acquisitions | 80 | 0 | 80 | 0 | | 20.0 | 0.0 | 6.0 | 14.0 |
| Strategic Sites | 1,646 | 360 | 837 | 449 | | 402.8 | 97.3 | 2.4 | 303.2 |
| 10 Year Development Programme Total | 3,500 | 754 | 2,469 | 277 | | 989.7 | 182.9 | 34.3 | 772.5 |

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**MUNICIPAL YEAR 2019/2020 REPORT NO. 172**

**MEETING TITLE AND DATE:**
**Cabinet – 29 January 2020**

**REPORT OF:**
Director of Law and Governance

| Agenda – Part: 1 | Item: 9 |
|---|---|
| **Subject:** Wholly owned trading companies – annual accounts<br>**Wards:** All<br>**KD No:** 5013 | |
| **Cabinet Member consulted:** Cllr Mary Maguire | |

Contact officer and telephone number:

Jeremy Chambers 0208 379 4799

E mail: Jeremy.chambers@enfield.gov.uk

## 1. EXECUTIVE SUMMARY

1.1 This report summarises the content of the filed annual accounts for the Council's wholly-owned trading companies:
- Housing Gateway ltd (HGL);
- Enfield Innovations ltd (IWE);
- Independence & Wellbeing ltd (IWE); and
- Energetik

1.2 This report is supported by a Part 2 report addressing parts of the Companies' accounts not in the public domain.

1.3 The Council as shareholder does not approve the final accounts, in accordance with general practice in the private sector, however for effective governance and oversight it is important that Cabinet as shareholder be able to assess whether companies have performed effectively, including their financial performance.

1.4 The financial statements are in line with expectations given the variant company business models and points in the company life. Risks arising from the models adopted to deliver the Council's priorities are managed in collaboration with company officers on an ongoing basis.

## 2. RECOMMENDATIONS

Recommended that:

2.1 Cabinet notes the contents of the published audited accounts for the Council's four wholly owned trading companies.

2.2 Cabinet approves under shareholder reserve powers the recommendation of the EIL Board to appoint Geo, Little, Sebire and co. as the company's auditor for the accounting period ending 31st March 2020.

2.3 Cabinet delegates authority to the Portfolio Holder for Finance & Procurement to appoint under shareholder reserve powers the auditors for Housing Gateway and Energetik following a procurement process to be conducted by each company.

## 3. BACKGROUND

3.1 The Council has established four wholly owned trading companies which deliver services to Enfield residents. As private limited companies, these organisations are required under the Companies Act 2006 to file annual audited accounts.

3.2 Each company's accounts are audited by external auditors, approved by the Board, and filed with Companies House. All companies operate with an accounting period from 1st April – 31st March annually and are therefore all required to file their audited accounts by 31st December each year. All companies have achieved this deadline comfortably.

3.3 As small enterprises in law, HGL, EIL and Energetik are required only to file abbreviated accounts publicly. The companies have chosen to do so. IWE, as a larger company, files fuller accounts. Therefore, some aspects of the accounts for HGL, EIL and Energetik are considered under Part 2 classification. All publicly available information is considered within this part 1 report.

**Housing Gateway**

3.4 Housing Gateway's balance sheet shows an overall increase in net assets and equity against the previous year of £1,936,080. It should be noted that the positive asset position is due to fixed and tangible assets; the net current assets position is negative in the amount of (£9,455,097). This however still represents an improvement of approximately £570,000 against the previous year-end position.

3.5 This also reflects the business model of HGL; as it provides housing to the community at an affordable cost fixed to Local Housing Allowance rate, the company expects to maintain high fixed assets through the property portfolio but has low cash income due to the affordable rent offered.

3.6 The long-term cash flow risks of the company model have been addressed with the company through a restructuring of the Council's loans to the company to provide a more sustainable repayment schedule for the company. This is considered a low risk strategy for the Council given the company's portfolio can reasonably be expected to grow in value over the long-term and therefore provide effective collateral to offset any repayment risks. The financial stabilisation and reduced cash flow risk will allow the company to recommence expanding its portfolio on a large scale.

**Enfield Innovations**

3.7 EIL's balance sheet indicates that the company has positive net assets of £494,684. This is a decrease of almost £200,000, resulting from a substantial decrease in debts owed to the company.

3.8 The company has a significant negative liquidity position, showing net current assets of (£12,128,994). The company has a similar business model to HGL, wherein a substantial amount of its funding is invested in fixed assets, being the SHS1 properties remaining under construction at the time of the accounting year end. The sale of these properties will provide the funds to address liabilities, and sales progress has been reported monthly to the Shareholder Board (and latterly Cabinet, following the dissolution of the Shareholder Board).

**Energetik**

3.9 The balance sheet of Energetik shows net liabilities of (£1,694,103), driven largely by long-term creditors of (£8,767,538), the vast majority of which is on-loans from LBE. This is not considered to represent a risk, as the funds lent to date have been utilised to design the main heat network assets of the company; once the value of the assets are realised through construction the company will be expected to show positive net assets. The construction is expected to commence within the current financial year, pending the resolution of funding applications currently lodged with the Heat Network Investment Project.

3.10 The company also shows negative current assets; the company's loan facility with the Council is on a draw down basis, and portions of loan are drawn down as and when they are required. Therefore, the net current liabilities are a result of the timing of the end of the accounting period and are not considered a risk as sufficient loan portions remain to be drawn down and meet liabilities.

**Independence and Wellbeing Enfield**

3.11 IWE's balance sheet identifies net assets of £404,950, an improvement of circa £40,000 on the previous accounting year. This is reflective of IWE's model as a transaction-based business with low value physical assets.

3.12 The company's net current assets have increased by around £80,000 to £208,275. This identifies that the company is liquid, though its income is exceeding costs by a relatively small amount. This is supported by the in-year profit figure of £38,428, which is based on tax rebate, the operating profit having been £0.

**Appointment of external auditors**

3.13 Each company has an appointed external auditor to report on accounts as per legislative requirements.

3.14 While there is no statutory requirement regarding how frequently the company providing audit services must be changed, three companies have opted to review audit arrangements following the completion of the 2018-19 accounts. These are Energetik, EIL and HGL. Appointment of company auditors is a matter reserved to shareholder

3.15 The EIL Board have determined that, given the satisfactory quality of audit and the low cost due to the low transaction volume of EIL, there is little value to be achieved in re-procuring, and therefore recommend the re-appointment of the current auditors, Geo, Sebire, Little and co.

3.16 Energetik and HGL are at points preceding expansion of the company, and both Boards therefore feel the current time represents a good opportunity to test market prices and ensure that auditor appointments. Both companies will conduct a procurement process, following which a recommendation will be put to the shareholder by each company for appointment.

## 4. ALTERNATIVE OPTIONS CONSIDERED

4.1 There is no alternative in respect of the annual accounts. The accounts are a competency of the Board of each company and are not required to be approved by shareholders. The accounts are reported such that Cabinet, as shareholder representative, can exercise effective oversight of company performance, and provide challenge where considered appropriate.

4.2 The alternative to appointing Geo, Little, Sebire and co would be to conduct a procurement process to appoint a new auditor. The company is satisfied that the service is acceptable quality, and the Board view is that the expenditure level does not warrant a procurement process.

4.3 In the case of HGL and Energetik auditor appointments, the alternative would be to re-appoint the current auditor. As the transaction volumes and size of both companies' operations are likely to grow substantially over the next few years, the Boards of both companies feel this to be an effective moment to re-procure audit services and achieve the best value possible.

## 5. REASONS FOR RECOMMENDATIONS

To ensure effective oversight and challenge where appropriate for Council-owned companies and ensure they continue to contribute to the achievement of the Council's strategic objectives.

## 6. COMMENTS FROM OTHER DEPARTMENTS

### 6.1 Financial Implications

There are no financial implications to this report.

### 6.2 Legal Implications

6.2.1 Under section 386 of the Companies Act 2006 (duty to keep accounting records), all limited and unlimited companies, whether or not they are trading, must keep adequate accounting records and file accounts with Companies House within certain time periods. Adequate accounting records are records that are sufficient to (i) show and explain the company's transaction, (ii) disclose with reasonable accuracy, at any time, the company's financial position and (iii) enable the directors to ensure that any accounts required to be prepared comply with the requirements of the CA 2006. Failure to keep adequate accounting records is a criminal offence for every company officer in default. Where a company fails to deliver its accounts and reports to the Registrar of

Companies within the required time, it is liable to an automatic civil penalty. The time period for filing the company's accounts is 9 months from the Accounting Reference Date.

6.2.2 The companies must comply with their procurement policies when selecting an auditor. 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. Its trading companies should therefore follow the Council's own procurement rules as far as possible when awarding contracts in order to demonstrate best value.

6.2.3 Under section 485(4) of the Companies Act 2006, the shareholders of a private company can appoint an auditor by passing an ordinary resolution (which can be in writing).

### 6.3 Property Implications

There are no property implications to this report.

## 7. KEY RISKS

7.1 HGL's accounts suggest a cash flow risk, due to the company's low rental values. The Council has arranged a restructuring of its loans package with the company. This will reduce the cash flow impact of repayments and stabilise the cash flow position.

7.2 Energetik also shows cash flow pressures. This is not considered to be a high short-term risk as the company has sufficient loan facilities available from LBE to draw down and meet its needs in the current financial year. Additionally, the Council has approved the second phase of investment in the company, and this will be implemented pending the outcome of funding applications currently awaiting decision with 3rd parties.

7.3 The long-term risks for Energetik in terms of cash flow and liquidity will be mitigated as assets are constructed and the customer base grows over a number of years. The 40-year business plan projections in this respect were updated for the phase 2 funding decision and approved by Cabinet as part of that decision. The performance against the business plan will be monitored through the life of the company.

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

### 8.1 Good homes in well-connected neighbourhoods

A number of the companies were developed to help alleviate housing pressures by reducing the pressure on the temporary accommodation budget as well as increasing the availability of good quality social housing. Companies that operate in profit with good financial systems will help secure good homes in well-connected neighbourhoods.

**8.2 Sustain strong and healthy communities**

The companies help improve health by providing good quality housing for residents. One of the companies aims to provide low cost sustainable energy in terms of heating and hot water reducing greenhouse gasses and improving the environment and therefore the health prospects of residents.

**8.3 Build our local economy to create a thriving place**

The companies aim to provide clean sustainable fairly priced energy and good quality homes that have a fair rent. One of the companies also provides support for some of the most vulnerable people in Enfield. The companies help build strong and sustainable communities ensuring access to good quality services. Companies with strong accounting system can benefit the local economy through local supply chains and employing local people.

## 9. EQUALITIES IMPACT IMPLICATIONS

There are no implications to this report.

## 10. PERFORMANCE AND DATA IMPLICATIONS

There are no implications to this report.

## 11. PUBLIC HEALTH IMPLICATIONS

There are no implications to this report.

## Background Papers

Published accounts for:

Appendix 1 – HGL
Appendix 2 – EIL
Appendix 3 – Energetik
Appendix 4 – IWE

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Company Registration No. 08938527 (England and Wales)

# HOUSING GATEWAY LIMITED

# FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 31 MARCH 2019

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# HOUSING GATEWAY LIMITED

## COMPANY INFORMATION

| | |
|---|---|
| **Directors** | P Nwosu<br>J Middleton-Albooye<br>J Embling<br>J Drew<br>T Leaver |
| **Company number** | 08938527 |
| **Registered office** | Civic Centre<br>Silver Street<br>Enfield<br>EN1 3XA |
| **Auditor** | Moore Stephens Northern Home Counties Limited<br>Nicholas House<br>River Front<br>Enfield<br>Middlesex<br>EN1 3FG |

# HOUSING GATEWAY LIMITED

## CONTENTS

# HOUSING GATEWAY LIMITED

## BALANCE SHEET

### *AS AT 31 MARCH 2019*

| | Notes | 2019 £ | 2019 £ | 2018 £ | 2018 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 5 | | 291,254 | | 152,656 |
| Investment properties | 6 | | 125,183,889 | | 122,539,147 |
| | | | 125,475,143 | | 122,691,803 |
| **Current assets** | | | | | |
| Debtors | 8 | 699,738 | | 799,066 | |
| Cash at bank and in hand | | 2,513,451 | | 4,828,962 | |
| | | 3,213,189 | | 5,628,028 | |
| **Creditors: amounts falling due within one year** | 9 | (9,455,097) | | (10,026,085) | |
| **Net current liabilities** | | | (6,241,908) | | (4,398,057) |
| ***Total assets less current liabilities*** | | | 119,233,235 | | 118,293,746 |
| **Creditors: amounts falling due after more than one year** | 10 | | (110,191,336) | | (111,306,013) |
| **Provisions for liabilities** | 11 | | (1,004,772) | | (886,686) |
| **Net assets** | | | 8,037,127 | | 6,101,047 |
| **Capital and reserves** | | | | | |
| Called up share capital | 14 | | 1 | | 1 |
| Profit and loss reserves | 23 | | 8,037,126 | | 6,101,046 |
| **Total equity** | | | 8,037,127 | | 6,101,047 |

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 19th June 2019 and are signed on its behalf by:

Joanne Drew

J Drew
***Director***

**Company Registration No. 08938527**

# HOUSING GATEWAY LIMITED

## STATEMENT OF CHANGES IN EQUITY

***FOR THE YEAR ENDED 31 MARCH 2019***

| | Share capital | Profit and loss reserves | Total |
|---|---|---|---|
| | £ | £ | £ |
| **Balance at 1 April 2017** | 1 | 5,658,844 | 5,658,845 |
| **Year ended 31 March 2018:** | | | |
| Profit and total comprehensive income for the year | - | 442,202 | 442,202 |
| **Balance at 31 March 2018** | 1 | 6,101,046 | 6,101,047 |
| **Year ended 31 March 2019:** | | | |
| Profit and total comprehensive income for the year | - | 1,936,080 | 1,936,080 |
| **Balance at 31 March 2019** | 1 | 8,037,126 | 8,037,127 |

# HOUSING GATEWAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

***FOR THE YEAR ENDED 31 MARCH 2019***

### 1 Accounting policies

**Company information**

Housing Gateway Limited is a private company limited by shares incorporated in England and Wales. The registered office is Civic Centre, Silver Street, Enfield, EN1 3XA.

### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principle accounting policies adopted are set out below.

### 1.2 Turnover

Turnover represents rental income receivable from housing benefit tenants and is recognised on a straight-line basis over the term of the tenancy agreement.

### 1.3 Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided to write off the cost of tangible fixed assets as follows:

| | |
|---|---|
| Leasehold improvements | - Over 4 to 7 years |
| Fixtures, fittings & equipment | - 20% on cost |

### 1.4 Investment properties

Investment properties are included in the balance sheet at their open market value in accordance with the Financial Reporting Standards 102 and are not depreciated. This treatment is contrary to the Companies Act 2006 which states fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company.

### 1.5 Taxation

***Current tax***

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

# HOUSING GATEWAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## *FOR THE YEAR ENDED 31 MARCH 2019*

**1 Accounting policies** **(Continued)**

***Deferred tax***

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gain and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**1.6 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

**1.7 Government grants**

Government grants in respect of capital expenditure are deferred and released to the profit and loss over the estimated useful life of the relevant asset which is fifty years.

**1.8 Going concern**

The financial statements have been prepared on a going concern basis as the shareholder, Enfield Council, has agreed to provide financial support to the company for a period of not less than one year from the date the financial statements are approved.

**2 Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**3 Employees**

The average monthly number of persons (including directors) employed by the company during the year was 2 (2018: 2)

**4 Directors' remuneration**

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Remuneration for qualifying services | 6,105 | 5,134 |

# HOUSING GATEWAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### *FOR THE YEAR ENDED 31 MARCH 2019*

**4 Directors' remuneration** **(Continued)**

Directors' remuneration represents salaries of non-executive Directors for their services.

**5 Tangible fixed assets**

| | Leasehold improvements | Fixtures and fittings | Total |
|---|---|---|---|
| | £ | £ | £ |
| **Cost** | | | |
| At 1 April 2018 | 54,714 | 187,425 | 242,139 |
| Additions | 183,915 | 56,107 | 240,022 |
| At 31 March 2019 | 238,629 | 243,532 | 482,161 |
| **Depreciation and impairment** | | | |
| At 1 April 2018 | 8,614 | 80,869 | 89,483 |
| Depreciation charged in the year | 52,717 | 48,707 | 101,424 |
| At 31 March 2019 | 61,331 | 129,576 | 190,907 |
| **Carrying amount** | | | |
| At 31 March 2019 | 177,298 | 113,956 | 291,254 |
| At 31 March 2018 | 46,100 | 106,556 | 152,656 |

**6 Investment property**

| | 2019 |
|---|---|
| | £ |
| **Fair value** | |
| At 1 April 2018 | 122,539,147 |
| Additions through external acquisition | 1,950,118 |
| Net gains or losses through fair value adjustments | 694,624 |
| At 31 March 2019 | 125,183,889 |

In the opinion of the directors, the total carrying value of the investment properties is not significantly different from its open market value at the balance sheet date. This opinion is based on an assessment of similar land and properties in the area.

**7 Financial instruments**

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| **Carrying amount of financial assets** | | |
| Debt instruments measured at amortised cost | 635,988 | 721,322 |
| **Carrying amount of financial liabilities** | | |
| Measured at amortised cost | 116,969,392 | 118,708,236 |

# HOUSING GATEWAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 MARCH 2019*

### 8 Debtors

| Amounts falling due within one year: | 2019 £ | 2018 £ |
|---|---|---|
| Trade debtors | 74,832 | 329,445 |
| Other debtors | 561,156 | 391,877 |
| Prepayments and accrued income | 63,750 | 77,744 |
| | 699,738 | 799,066 |

### 9 Creditors: amounts falling due within one year

| | Notes | 2019 £ | 2018 £ |
|---|---|---|---|
| Other borrowings | | 6,020,650 | 5,997,079 |
| Corporation tax | | 325,690 | 223,862 |
| Deferred income | 13 | 51,351 | 50,000 |
| Accruals and deferred income | | 3,057,406 | 3,755,144 |
| | | 9,455,097 | 10,026,085 |

Included in accruals and deferred income due within one year is £2,772,080 (2018: £3,673,971) owed to the London Borough of Enfield in respect of recharges for goods and services in the year. Other borrowings consist of loans which are secured against the company's investment properties and are expected to be repaid within the next twelve months.

### 10 Creditors: amounts falling due after more than one year

| | Notes | 2019 £ | 2018 £ |
|---|---|---|---|
| Other borrowings | | 107,891,336 | 108,956,013 |
| Deferred income | 13 | 2,300,000 | 2,350,000 |
| | | 110,191,336 | 111,306,013 |

Included in creditors due after more than one year are loans of £107,891,336 (2018: £108,956,013) which are secured against the company's investment properties and are due after more than one year.

### 11 Provisions for liabilities

| | Notes | 2019 £ | 2018 £ |
|---|---|---|---|
| Deferred tax liabilities | 12 | 1,004,772 | 886,686 |

# HOUSING GATEWAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### *FOR THE YEAR ENDED 31 MARCH 2019*

**12 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

| | Liabilities 2019 | Liabilities 2018 |
|---|---|---|
| **Balances:** | **£** | **£** |
| Revaluations | 1,004,772 | 886,686 |

| | 2019 |
|---|---|
| **Movements in the year:** | **£** |
| Liability at 1 April 2018 | 886,686 |
| Charge to profit or loss | 118,086 |
| Liability at 31 March 2019 | 1,004,772 |

The deferred tax liability set out above relates to gain on revaluation of investment properties and is not expected to reverse within 12 months from the year end.

**13 Deferred income**

| | 2019 | 2018 |
|---|---|---|
| | **£** | **£** |
| Arising from government grants | 2,350,000 | 2,400,000 |
| Other deferred income | 1,351 | - |
| | 2,351,351 | 2,400,000 |
| Deferred income is included in the financial statements as follows: | | |
| Current liabilities | 51,351 | 50,000 |
| Non-current liabilities | 2,300,000 | 2,350,000 |
| | 2,351,351 | 2,400,000 |

The government grant balance of £2.35 million (2018: £2.4 million) relates to a £2.5 million grant received by the company in 2017 for the acquisition of one of its investment properties. The grant has been recognised on the balance sheet and is being released to the P/L over the estimated useful life of the investment property.

# HOUSING GATEWAY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### *FOR THE YEAR ENDED 31 MARCH 2019*

**14 Share capital**

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| **Ordinary share capital** | | |
| **Issued and fully paid** | | |
| 1 Ordinary of £1 each | 1 | 1 |

**15 Audit report information**

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Francis Corbishley.
The auditor was Moore Stephens Northern Home Counties Limited.

**16 Ultimate controlling party**

The ultimate controlling party is the London Borough of Enfield by virtue of 100% ownership of the company's shares held by The Mayor and Burgesses of the Borough on behalf of the Council.

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**REGISTERED NUMBER: 09248324 (England and Wales)**

# FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 31 MARCH 2019

# FOR

# ENFIELD INNOVATIONS LTD

## CONTENTS OF THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 MARCH 2019

**ENFIELD INNOVATIONS LTD**

**COMPANY INFORMATION**
**FOR THE YEAR ENDED 31 MARCH 2019**

| | |
|---|---|
| **DIRECTORS:** | P C M Nwosu<br>J Embling<br>S Ozaydin<br>M T Bradbury<br>M Bowmer |
| **SECRETARY:** | Castlegate Secretaries Limited |
| **REGISTERED OFFICE:** | PO Box 50<br>Civic Centre<br>Silver Street<br>Enfield<br>Middlesex<br>EN1 3XA |
| **REGISTERED NUMBER:** | 09248324 (England and Wales) |
| **AUDITORS:** | Geo. Little, Sebire & Co.<br>Statutory Auditors<br>Chartered Accountants<br>Oliver House<br>23 Windmill Hill<br>Enfield<br>EN2 7AB |

**ENFIELD INNOVATIONS LTD (REGISTERED NUMBER: 09248324)**

**BALANCE SHEET**
**31 MARCH 2019**

| | Notes | 31.3.19 £ | 31.3.19 £ | 31.3.18 £ | 31.3.18 £ |
|---|---|---|---|---|---|
| **FIXED ASSETS** | | | | | |
| Tangible assets | 4 | | 12,310,072 | | 11,289,263 |
| Investment property | 5 | | 320,987 | | 1,200,530 |
| | | | 12,631,059 | | 12,489,793 |
| **CURRENT ASSETS** | | | | | |
| Debtors | 6 | 43,134 | | 924,740 | |
| Cash at bank | | 1,091,387 | | 812,980 | |
| | | 1,134,521 | | 1,737,720 | |
| **CREDITORS** | | | | | |
| Amounts falling due within one year | 7 | 13,263,515 | | 13,495,564 | |
| **NET CURRENT LIABILITIES** | | | (12,128,994) | | (11,757,844) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | | 502,065 | | 731,949 |
| **PROVISIONS FOR LIABILITIES** | | | 5,381 | | 45,531 |
| **NET ASSETS** | | | 496,684 | | 686,418 |
| **CAPITAL AND RESERVES** | | | | | |
| Called up share capital | | | 1 | | 1 |
| Retained earnings | 8 | | 496,683 | | 686,417 |
| **SHAREHOLDERS' FUNDS** | | | 496,684 | | 686,418 |

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors on 20 June 2019 and were signed on its behalf by:

M T Bradbury - Director

The notes form part of these financial statements

## 1. STATUTORY INFORMATION

Enfield Innovations Ltd is a private company, limited by shares , registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

## 2. ACCOUNTING POLICIES

**Basis of preparation**
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

**Going concern**
The company meets its day to day working capital requirements with the support of Enfield Council.

At 31 March 2019 the balance sheet reflects net current liabilities amounting to £12,128,994, of which £12,236,623 relates to the loan from Enfield Council.

The directors have prepared profit and loss forecasts for the period ending twelve months from the date of approval of these financial statements. In addition:

- During the preceding year the directors took the decision to sell all of the properties on the balance sheet at 31 March 2017. At 31 March 2019, 17 properties have been sold and the company remains active in preparing the remaining properties for market.
- For the properties that have been sold, the proceeds were in accordance with the professional valuation obtained in 2018 from a firm of RICS Registered surveyors and those sales have generated a profit on disposal of £Nil.
- Enfield Council have provided an assurance that it will continue to provide financial support to the company as required for a minimum of twelve months from the date of approval of these accounts.

On the basis of the forecast information, together with the other matters detailed above, the directors consider it appropriate to prepare the financial statements on the going concern basis. The accounts do not include any adjustments that would result from a withdrawal of the support currently provided.

**Tangible fixed assets**
Land and buildings comprise the build and development costs of the company's properties. The sites remain under construction at the balance sheet date and the directors are of the view that it is not appropriate to provide depreciation whist the developments are incomplete.

**Investment property**
Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

**Taxation**
Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.



continued...

2. **ACCOUNTING POLICIES - continued**

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 2 (2018 - 2 ) .

4. **TANGIBLE FIXED ASSETS**

| | Land and buildings £ |
|---|---|
| **COST** | |
| At 1 April 2018 | 11,289,263 |
| Additions | 1,020,809 |
| At 31 March 2019 | 12,310,072 |
| **NET BOOK VALUE** | |
| At 31 March 2019 | 12,310,072 |
| At 31 March 2018 | 11,289,263 |

5. **INVESTMENT PROPERTY**

| | Total £ |
|---|---|
| **FAIR VALUE** | |
| At 1 April 2018 | 1,200,530 |
| Additions | 2,870 |
| Disposals | (838,842) |
| Revaluations | (43,571) |
| At 31 March 2019 | 320,987 |
| **NET BOOK VALUE** | |
| At 31 March 2019 | 320,987 |
| At 31 March 2018 | 1,200,530 |



continued...

**ENFIELD INNOVATIONS LTD (REGISTERED NUMBER: 09248324)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**
**FOR THE YEAR ENDED 31 MARCH 2019**

5. **INVESTMENT PROPERTY - continued**

Fair value at 31 March 2019 is represented by:

| | £ |
|---|---|
| Valuation in 2017 | 65,383 |
| Valuation in 2018 | 6,512 |
| Valuation in 2019 | (43,571) |
| Cost | 292,663 |
| | 320,987 |

If investment property had not been revalued it would have been included at the following historical cost:

| | 31.3.19 | 31.3.18 |
|---|---|---|
| | £ | £ |
| Cost | 292,663 | 960,892 |

Investment property was valued on an open market basis on 31 March 2019 by Avison Young .

6. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | 31.3.19 | 31.3.18 |
|---|---|---|
| | £ | £ |
| Other debtors | 43,134 | 924,740 |

7. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

| | 31.3.19 | 31.3.18 |
|---|---|---|
| | £ | £ |
| Trade creditors | 174 | 9,605 |
| Taxation and social security | - | 115,480 |
| Other creditors | 13,263,341 | 13,370,479 |
| | 13,263,515 | 13,495,564 |

8. **RESERVES**

| | Retained earnings |
|---|---|
| | £ |
| At 1 April 2018 | 686,417 |
| Deficit for the year | (189,734) |
| At 31 March 2019 | 496,683 |

9. **DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006**

The Report of the Auditors was unqualified.

Gary Cleaver (Senior Statutory Auditor)
for and on behalf of Geo. Little, Sebire & Co.



continued...

## 10. RELATED PARTY DISCLOSURES

At the balance sheet date, other creditors due within one year include a balance of £12,236,623 (2018: £12,820,519) due to Enfield Council, the sole shareholder of Enfield Innovations Ltd.

Enfield Council has provided a Guarantee to Kier Project Investment Limited, undertaking to settle the obligations of Enfield Innovations Ltd to Kier Project Investment Limited in the event that Enfield Innovations Ltd defaults.

## 11. APB ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

## 12. ULTIMATE PARENT ENTITY

The immediate and ultimate parent entity is Enfield Council which prepares group financial statements. The principal place of business of Enfield Council is Civic Centre, Silver Street, Enfield, EN1 3XL.

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Company Registration No. 09763702 (England and Wales)

# LEE VALLEY HEAT NETWORK OPERATING COMPANY LIMITED

## FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2019

## PAGES FOR FILING WITH REGISTRAR

# LEE VALLEY HEAT NETWORK OPERATING COMPANY LIMITED

## BALANCE SHEET

### *AS AT 31 MARCH 2019*

| | Notes | 2019 £ | 2019 £ | 2018 £ | 2018 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 3 | | 5,333,000 | | 4,632,074 |
| Tangible assets | 4 | | 1,911,627 | | 1,059,041 |
| **Current assets** | | | | | |
| Debtors | 5 | 207,163 | | 246,020 | |
| Cash at bank and in hand | | 1,080,286 | | 328,545 | |
| | | 1,287,449 | | 574,565 | |
| ***Creditors: amounts falling due within one year*** | 6 | (1,415,069) | | (850,940) | |
| **Net current liabilities** | | | (127,620) | | (276,375) |
| **Total assets less current liabilities** | | | 7,117,007 | | 5,414,740 |
| **Creditors: amounts falling due after more than one year** | 7 | | (8,767,538) | | (6,183,020) |
| **Provisions for liabilities** | | | (43,571) | | (18,103) |
| **Net liabilities** | | | (1,694,102) | | (786,383) |
| **Capital and reserves** | | | | | |
| Called up share capital | 8 | | 1 | | 1 |
| Profit and loss reserves | | | (1,694,103) | | (786,384) |
| **Total equity** | | | (1,694,102) | | (786,383) |

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 28-6-19 and are signed on its behalf by:

Ms C J Clare
**Director**

**Company Registration No. 09763702**

# LEE VALLEY HEAT NETWORK OPERATING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## *FOR THE YEAR ENDED 31 MARCH 2019*

### 1 Accounting policies

**Company information**

Lee Valley Heat Network Operating Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is Enfield Council, Civic Centre, Silver Street, Enfield, Middlesex, England, EN1 3XA.

### 1.1 *Accounting convention*

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

### 1.2 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. The directors are aware that the significant loss for the year may cast doubt about the company's ability to continue as a going concern. On the basis that long term funding has been approved for the company, the directors have deemed it reasonable to prepare the accounts on a going concern basis.

### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation of the intangible asset will commence when it is completed and in use.

### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|---|---|
| Plant and machinery | over 60, 25 and 12 years |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

# LEE VALLEY HEAT NETWORK OPERATING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## *FOR THE YEAR ENDED 31 MARCH 2019*

**1 Accounting policies** **(Continued)**

**1.6 Cash at bank and in hand**

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.7 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

***Basic financial assets***

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**1.8 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**1.9 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

# LEE VALLEY HEAT NETWORK OPERATING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

***FOR THE YEAR ENDED 31 MARCH 2019***

**1 Accounting policies** **(Continued)**

***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**2 Employees**

The average monthly number of persons (including directors) employed by the company during the year was 5 (2018 - 3).

**3 Intangible fixed assets**

| | Other |
|---|---|
| | £ |
| **Cost** | |
| At 1 April 2018 | 4,632,074 |
| Additions | 700,926 |
| At 31 March 2019 | 5,333,000 |
| **Amortisation and impairment** | |
| At 1 April 2018 and 31 March 2019 | - |
| **Carrying amount** | |
| At 31 March 2019 | 5,333,000 |
| At 31 March 2018 | 4,632,074 |

# LEE VALLEY HEAT NETWORK OPERATING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### *FOR THE YEAR ENDED 31 MARCH 2019*

**4 Tangible fixed assets**

| | Plant and machinery etc £ |
|---|---|
| **Cost** | |
| At 1 April 2018 | 1,059,041 |
| Additions | 874,120 |
| At 31 March 2019 | 1,933,161 |
| **Depreciation and impairment** | |
| At 1 April 2018 | - |
| Depreciation charged in the year | 21,534 |
| At 31 March 2019 | 21,534 |
| **Carrying amount** | |
| At 31 March 2019 | 1,911,627 |
| At 31 March 2018 | 1,059,041 |

**5 Debtors**

| **Amounts falling due within one year:** | 2019 £ | 2018 £ |
|---|---|---|
| Trade debtors | 38,985 | 9,804 |
| Amounts owed by group undertakings | 3,822 | 131,263 |
| Other debtors | 164,356 | 104,953 |
| | 207,163 | 246,020 |

**6 Creditors: amounts falling due within one year**

| | 2019 £ | 2018 £ |
|---|---|---|
| Trade creditors | 854,195 | 72,591 |
| Other creditors | 560,874 | 778,349 |
| | 1,415,069 | 850,940 |

Included in other creditors due within one year is an amount of £107,723 (2018: £39,515) due to the London Borough of Enfield, a related party.

# LEE VALLEY HEAT NETWORK OPERATING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## *FOR THE YEAR ENDED 31 MARCH 2019*

### 7 Creditors: amounts falling due after more than one year

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Other creditors | 8,767,538 | 6,183,020 |

Included in other creditors due after more than one year is an amount of £8,739,572 (2018: £6,155,053) due to the London Borough of Enfield, a related party.

### 8 Called up share capital

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| **Ordinary share capital** | | |
| **Issued and fully paid** | | |
| 1 Ordinary of £1 each | 1 | 1 |
| | 1 | 1 |

### 9 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Francis Corbishley.
The auditor was Moore Stephens Northern Home Counties Limited.

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Registration number: 10121109

**INDEPENDENCE AND WELL BEING ENFIELD LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

FRIDAY

*A8AHUL6Ø*
A18 26/07/2019 #318
COMPANIES HOUSE

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

**INDEPENDENCE AND WELL BEING ENFIELD LIMITED**

**CONTENTS**

**INDEPENDENCE AND WELL BEING ENFIELD LIMITED**

**COMPANY INFORMATION**

| | |
|---|---|
| **Directors** | M Gadsby |
| | J M Glenn |
| | M M Millat |
| | P Sutton |
| | H Yusuf |
| | F Barras |
| | F Hussain |
| **Company secretary** | Castlegate Secretaries Limited |
| **Registered office** | London Borough Of Enfield Council<br>PO Box 50<br>Civic Centre<br>Silver Street<br>London<br>EN1 3XA |
| **Auditors** | Hazlewoods LLP<br>Windsor House<br>Bayshill Road<br>Cheltenham<br>GL50 3AT |

**INDEPENDENCE AND WELL BEING ENFIELD LIMITED**

**STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019**

The directors present their strategic report for the year ended 31 March 2019.

Independence & Well Being Enfield is a Local Authority Trading Company wholly owned by Enfield Council. Established under a Teckal exemption, the company operates as a department within the Council to comply with the control function.

Services provided are Adult Social Care in nature including Nursing Care, Domiciliary Care, Day Care and Community Equipment Services.

A comprehensive Business Plan has been developed scoping opportunities to increase revenue and continue the trajectory of improved performance.

**Company Directors:**

Cllr Hass Yusuf - Chair of the Board
Marc Gadsby - Managing Director
Monamie Millat - Commercial Director
Julia Glenn - Director of Innovation
Paul Sutton - Council Director
Florence Barras - Non- Executive Director
Farooq Hussain - Non- Executive Director

In the main, the services operated by Independence & Well Being are managed within an agreed budget. Improvements in performance are visible later in the year preparing a stable platform for growth going forward.

The pricing model for the Nursing Home operated on behalf of Enfield Council has been re-calculated to be more in line with market comparators and this is a positive step for the company. The Shareholder is in agreement with the true cost of Independence & Well Being and are in the process of adjusting the Management fee accordingly.

Improving standards in the Nursing Home will increase referral numbers of Nursing residents bringing with them eligibility for Funded Nursing Care (FNC) contributions from the NHS. This is a revenue stream on top of the management fee for operating the home.

The company continues to operate four services regulated by the Care Quality Commission (CQC). It is important to maintain or obtain a rating of at least 'Good' to reflect the quality of the services provided.

2018/19 revenue increased on previous years though Shareholders have expressed desire for more visible growth of the company following initial years of establishment and stabilisation. It should be noted however that the terms and conditions of the workforce steers the company to the more complex aspect of Adult Social Care where specialism often attracts a premium.
Welfare services are considered to be an exempt supply for the purposes of VAT. The introduction of a large Care Home into the portfolio has encouraged a review of the VAT status of the entire estate. This review has potential to change the way the company approaches VAT, however it is noted not to impinge on the company's sustainability.

Following initial years of establishment and stabilisation, Independence & Well Being saw 2018/19 revenue increase on previous years as reflected in the financial accounts.

Having established a stable platform for the business we anticipate stronger growth in coming years.

Independence & Well Being delivers high quality, accessible social care services whilst operating within the control of Local Government conditions and Governance.

**INDEPENDENCE AND WELL BEING ENFIELD LIMITED**

**STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019**

**Fair review of the business**
The results for the year which are set out in the profit and loss account show turnover of £15,362,017 (2018 - £13,113,929) and a profit before tax of £nil (2018 - £182,827). At 31 March 2019, the company had net assets of £404,950 (2018 - £366,522). The directors consider the performance for the year and the financial position at the year end to be satisfactory.

**Principal risks and uncertainties**
The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to government funding in the current economic climate.

Approved by the Board on 03/07/19 and signed on its behalf by:

M Gadsby
Director

## INDEPENDENCE AND WELL BEING ENFIELD LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

**Directors of the company**
The directors who held office during the year were as follows:

M Gadsby

J M Glenn

M M Millat (appointed 20 August 2018)

P Sutton (appointed 3 August 2018)

H Yusuf (appointed 3 August 2018)

Cllr A Cazimoglu (resigned 2 August 2018)

C A Frederick (resigned 1 January 2019)

R L Greene (resigned 1 January 2019)

The following directors were appointed after the year end:

F Barras (appointed 1 May 2019)

F Hussain (appointed 1 May 2019)

**Financial instruments**

***Objectives and policies***

The board constantly monitors the company's trading results and revise projections as appropriate to ensure that the company can meet its future obligations as they fall due.

***Price risk, credit risk, liquidity risk and cash flow risk***

The company is exposed to the usual credit and cash flow risks associated with selling on credit and manages this through credit control procedures.

In accordance with the Financial Reporting Council's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009', the directors of all companies are now required to provide disclosures regarding the adoption of the going concern basis of accounting.

The company has sufficient resources available through the provision of funds from its parent undertaking, The London Borough of Enfield Council, and continues to trade profitably, generating positive cash flows. The directors have prepared forecasts for the next 12 months that indicate that these trends will continue and that these cash flows will be sufficient for the company to meet its commitments as they fall due. The directors therefore have a reasonable expectation that the comapny has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

**Employment of disabled persons**
The company's policy is to consider the recruitment of disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

**Employee involvement**
The company encourages the involvement of employees in its management through regular departmental meetings.

## INDEPENDENCE AND WELL BEING ENFIELD LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

**Disclosure of information to the auditors**
Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

**Reappointment of auditors**
Hazlewoods LLP have expressed their willingness to continue in office.

Approved by the Board on 03/07/19 and signed on its behalf by:

Marc Gadsby

M Gadsby
Director

**INDEPENDENCE AND WELL BEING ENFIELD LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENCE AND WELL BEING ENFIELD LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDEPENDENCE AND WELL BEING ENFIELD LIMITED**

**Opinion**
We have audited the financial statements of Independence and Well Being Enfield Limited (the 'company') for the year ended 31 March 2019, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matter prescribed by the Companies Act 2006**
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

## INDEPENDENCE AND WELL BEING ENFIELD LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDEPENDENCE AND WELL BEING ENFIELD LIMITED

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

.....MRH.....................

Martin Howard (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House
Bayshill Road
Cheltenham
GL50 3AT

Date:...23 Jul 2019

## INDEPENDENCE AND WELL BEING ENFIELD LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2019

| | Note | 2019<br>£ | 2018<br>£ |
|---|---|---|---|
| Turnover | 3 | 15,362,017 | 13,113,929 |
| Cost of sales | | (9,362,841) | (7,809,333) |
| Gross profit | | 5,999,176 | 5,304,596 |
| Administrative expenses | | (5,999,176) | (5,101,311) |
| Operating profit | | - | 203,285 |
| Exceptional items | 5 | - | (20,458) |
| Profit before tax | 4 | - | 182,827 |
| Taxation | 9 | 38,428 | (38,657) |
| Profit for the financial year | | 38,428 | 144,170 |

The above results were derived from continuing operations.

The company has no other comprehensive income for the year.

The notes on pages 12 to 21 form an integral part of these financial statements.

## INDEPENDENCE AND WELL BEING ENFIELD LIMITED

## (REGISTRATION NUMBER: 10121109)
## BALANCE SHEET AS AT 31 MARCH 2019

| | Note | 2019 £ | 2018 £ |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 10 | 190,534 | 287,634 |
| **Current assets** | | | |
| Debtors: Amounts falling due within one year | 11 | 8,911 | 36,489 |
| Cash at bank and in hand | | 4,725,797 | 4,108,884 |
| | | 4,734,708 | 4,145,373 |
| Creditors: Amounts falling due within one year | 12 | (4,526,433) | (4,020,597) |
| Net current assets | | 208,275 | 124,776 |
| Total assets less current liabilities | | 398,809 | 412,410 |
| Provisions for liabilities | 9 | 6,141 | (45,888) |
| Net assets | | 404,950 | 366,522 |
| **Capital and reserves** | | | |
| Called up share capital | 14 | 1 | 1 |
| Profit and loss account | | 404,949 | 366,521 |
| Total equity | | 404,950 | 366,522 |

Approved and authorised by the Board on 23/07/19 and signed on its behalf by:

.........................................
M Gadsby
Director

The notes on pages 12 to 21 form an integral part of these financial statements.

**INDEPENDENCE AND WELL BEING ENFIELD LIMITED**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019**

| | Share capital | Profit and loss account | Total |
|---|---|---|---|
| | £ | £ | £ |
| At 1 April 2018 | 1 | 366,521 | 366,522 |
| Profit for the year | - | 38,428 | 38,428 |
| At 31 March 2019 | 1 | 404,949 | 404,950 |

| | Share capital | Profit and loss account | Total |
|---|---|---|---|
| | £ | £ | £ |
| At 1 April 2017 | 1 | 357,546 | 357,547 |
| Prior year adjustment | - | (135,195) | (135,195) |
| At 1 April 2017 (As restated) | 1 | 222,351 | 222,352 |
| Profit for the year | - | 144,170 | 144,170 |
| At 31 March 2018 | 1 | 366,521 | 366,522 |

The notes on pages 12 to 21 form an integral part of these financial statements.

## 1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:
London Borough Of Enfield Council
PO Box 50
Civic Centre
Silver Street
London
EN1 3XA

## 2 Accounting policies

**Summary of significant accounting policies and key accounting estimates**
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Statement of compliance**
These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

**Basis of preparation**
These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

**Cash flow statement**
The company has not presented a cash flow statement on the grounds that it is a wholly owned subsidiary and a group cash flow statement is included in the financial statements of the parent company.

**Name of parent of group**
These financial statements are consolidated in the financial statements of London Borough of Enfield Council.

The financial statements of London Borough of Enfield Council may be obtained from Companies House.

**Going concern**
After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

**Judgements and estimation uncertainty**
These financial statements do not contain any significant judgements or estimation uncertainty.

**Revenue recognition**
Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria have been met for each of the company's activities.

**Tax**
The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

**Tangible assets**
Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

**Depreciation**
Depreciation is charged so as to write off the cost of assets as follows:

| **Asset class** | **Depreciation method and rate** |
|---|---|
| Fixtures and fittings | 20% reducing balance |

**Cash and cash equivalents**
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

**Trade debtors**
Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

**Trade creditors**
Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

**Share capital**
Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

INDEPENDENCE AND WELL BEING ENFIELD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

**Defined contribution pension obligation**
A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

**Financial instruments**

***Classification***
Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

***Recognition and measurement***
All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

***Impairment***
Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

**3 Revenue**

The total turnover of the company has been derived from its principal activity wholly undertaken in the United Kingdom.

INDEPENDENCE AND WELL BEING ENFIELD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 4 Profit before tax

Arrived at after charging:

| | 2019 £ | 2018 £ |
|---|---|---|
| Depreciation expense | 106,490 | 59,733 |
| Operating lease expense - property | 799,305 | 1,118,384 |
| Operating lease expense - plant and machinery | 23,309 | 32,527 |

## 5 Exceptional items

| | 2019 £ | 2018 £ |
|---|---|---|
| Exceptional expenses | - | 20,458 |

The exceptional expense in the prior year related to redundancy costs.

## 6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

| | 2019 £ | 2018 £ |
|---|---|---|
| Wages and salaries | 6,174,354 | 6,028,229 |
| Social security costs | 526,133 | 486,120 |
| Pension costs, defined contribution scheme | 1,030,445 | - |
| | 7,730,932 | 6,514,349 |

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

| | 2019 No. | 2018 No. |
|---|---|---|
| Administration | 35 | 34 |
| Care | 266 | 245 |
| | 301 | 279 |

## INDEPENDENCE AND WELL BEING ENFIELD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### 7 Directors' remuneration

The directors' remuneration for the year was as follows:

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Remuneration | 191,336 | 18,000 |
| Contributions paid to money purchase schemes | 34,394 | - |
| | 225,730 | 18,000 |

In respect of the highest paid director:

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Remuneration | 97,161 | - |
| Company contributions to money purchase pension schemes | 16,516 | - |

### 8 Auditors' remuneration

| | 2019 | 2018 |
|---|---|---|
| | £ | £ |
| Audit of the financial statements | 4,500 | 4,500 |

INDEPENDENCE AND WELL BEING ENFIELD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

**9 Taxation**

Tax charged/(credited) in the profit and loss account

| | 2019 £ | 2018 £ |
|---|---|---|
| **Current taxation** | | |
| UK corporation tax | 37,155 | 23,554 |
| UK corporation tax adjustment to prior periods | (23,554) | - |
| | 13,601 | 23,554 |
| **Deferred taxation** | | |
| Arising from origination and reversal of timing differences | (52,029) | 15,103 |
| Tax (receipt)/expense in the income statement | (38,428) | 38,657 |

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2018 - the same as the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

| | 2019 £ | 2018 £ |
|---|---|---|
| Profit before tax | - | 182,827 |
| Corporation tax at standard rate | - | 34,737 |
| Effect of expense not deductible in determining taxable profit (tax loss) | 44,642 | - |
| Other small differences | - | 166 |
| Deferred tax (credit)/expense from unrecognised tax loss or credit | (52,029) | 15,103 |
| Tax decrease from effect of capital allowances and depreciation | (7,487) | (11,349) |
| Over provision of corporation tax | (23,554) | - |
| Total tax (credit)/charge | (38,428) | 38,657 |

**Deferred tax**

Deferred tax assets and liabilities

| **2019** | **Asset £** |
|---|---|
| Accelerated capital allowances | 9,145 |
| Short term timing differences | (15,286) |
| | (6,141) |

| **2018** | **Liability £** |
|---|---|
| Accelerated capital allowances | 45,888 |
| Short term timing differences | - |
| | 45,888 |

INDEPENDENCE AND WELL BEING ENFIELD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 10 Tangible assets

| | Furniture, fittings and equipment £ |
|---|---|
| **Cost** | |
| At 1 April 2018 | 382,831 |
| Additions | 9,390 |
| At 31 March 2019 | 392,221 |
| **Depreciation** | |
| At 1 April 2018 | 95,197 |
| Charge for the year | 106,490 |
| At 31 March 2019 | 201,687 |
| **Carrying amount** | |
| At 31 March 2019 | 190,534 |
| At 31 March 2018 | 287,634 |

## 11 Debtors

| | 2019 £ | 2018 £ |
|---|---|---|
| Trade debtors | 2,946 | 36,488 |
| Other debtors | 1 | 1 |
| Prepayments | 5,964 | - |
| | 8,911 | 36,489 |

## 12 Creditors

| | Note | 2019 £ | 2018 £ |
|---|---|---|---|
| **Due within one year** | | | |
| Trade creditors | | 67,566 | 101,859 |
| Amounts due to group undertakings | 16 | 3,810,236 | 2,697,844 |
| Social security and other taxes | | 484,854 | 1,086,606 |
| Outstanding defined contribution pension costs | | 119,709 | 103,901 |
| Other creditors | | 6,913 | 6,833 |
| Corporation tax liability | 9 | 37,155 | 23,554 |
| | | 4,526,433 | 4,020,597 |

INDEPENDENCE AND WELL BEING ENFIELD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## 13 Pension and other schemes

**Defined contribution pension scheme**
The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £1,030,445 (2018 - £Nil).

Contributions totalling £119,709 (2018 - £103,901) were payable to the scheme at the end of the year and are included in creditors.

**Defined benefit pension schemes**

**London Borough of Enfield Pension Fund**
The company operates a defined benefit pension scheme in the UK.

A full actuarial valuation was carried out as at 31 March 2019 by a qualified, independent actuary. The valuation for FRS102 purposes as at 31 March 2019 was based on a set of assumptions and assumes that the experience of the fund will be in line with these assumptions.
The defined benefit pension liability has been indemnified by London Borough of Enfield Council, and as such no provisions have been included within the financial statements for Independence and Well Being Enfield Limited. However, this note sets out the key assumptions and elements if it were to be included.

***Reconciliation of scheme assets and liabilities to assets and liabilities recognised***

The amounts recognised in the statement of financial position are as follows:

| | 2019<br>£ | 2018<br>£ |
|---|---|---|
| Fair value of scheme assets | 18,386,000 | 15,528,000 |
| Present value of defined benefit obligation | (26,091,000) | (22,781,000) |
| | (7,705,000) | (7,253,000) |
| Other amounts recognised in the statement of financial position | - | 1,233,010 |
| Defined benefit pension scheme deficit | (7,705,000) | (6,019,990) |

***Defined benefit obligation***

Changes in the defined benefit obligation are as follows:

| | 2019<br>£ |
|---|---|
| Present value at start of year | 22,781,000 |
| Current service cost | 1,993,000 |
| Interest cost | 595,000 |
| Actuarial gains and losses | 571,000 |
| Benefits paid | (183,000) |
| Contributions by scheme participants | 334,000 |
| Present value at end of year | 26,091,000 |

**INDEPENDENCE AND WELL BEING ENFIELD LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

***Fair value of scheme assets***

Changes in the fair value of scheme assets are as follows:

| | 2019 £ |
|---|---|
| Fair value at start of year | 15,528,000 |
| Interest income | 419,000 |
| Actuarial gains and losses | 1,258,000 |
| Employer contributions | 1,030,000 |
| Contributions by scheme participants | 334,000 |
| Benefits paid | (183,000) |
| Fair value at end of year | 18,386,000 |

***Analysis of assets***

The major categories of scheme assets are as follows:

| | 2019 £ | 2018 £ |
|---|---|---|
| Cash and cash equivalents | 21 | 23 |
| Equity instruments | 44 | 51 |
| Debt instruments | 28 | 19 |
| Property | 7 | 7 |
| | 100 | 100 |

***Return on scheme assets***

| | 2019 £ | 2018 £ |
|---|---|---|
| Return on scheme assets | 1,677,000 | 16,000 |

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

***Principal actuarial assumptions***

The principal actuarial assumptions at the statement of financial position date are as follows:

| | 2019 % | 2018 % |
|---|---|---|
| Discount rate | 2.40 | 2.60 |
| Future salary increases | 3.70 | 3.60 |
| Future pension increases | 2.20 | 2.10 |
| Inflation | 2.20 | 2.10 |

INDEPENDENCE AND WELL BEING ENFIELD LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

*Post retirement mortality assumptions*

| | 2019 Years | 2018 Years |
|---|---|---|
| Current UK pensioners at retirement age - male | 24.00 | 25.00 |
| Current UK pensioners at retirement age - female | 26.00 | 27.00 |
| Future UK pensioners at retirement age - male | 25.00 | 27.00 |
| Future UK pensioners at retirement age - female | 28.00 | 29.00 |

## 14 Share capital

**Allotted, called up and fully paid shares**

| | 2019 No. | £ | 2018 No. | £ |
|---|---|---|---|---|
| Ordinary shares of £1 each | 1 | 1 | 1 | 1 |

## 15 Obligations under leases and hire purchase contracts

**Operating leases**
The total of future minimum lease payments is as follows:

| | 2019 £ | 2018 £ |
|---|---|---|
| Not later than one year | 370,734 | 349,908 |

## 16 Related party transactions

**Summary of transactions with parent**
During the year, the company received management fees of £15,135,631 (2018 - £11,761,998) from its parent undertaking, which has been shown within turnover in the profit and loss account. Other services were received during the year worth £423,409 (2018 - £1,351,931) consisting of management time supporting other services provided by Independence and Well Being Enfield Limited. SLA charges were also charged from Enfield Council within the year, at a cost of £1,280,022 (2018 - £1,145,014). The balance at the year end was £3,815,290 (2018 - £2,697,844) owed to Enfield Council.

Prior to his resignation, the company paid for services worth £800 to Article Consulting Limited, a company controlled by C E Frederick. The transactions were at an arms length basis.

Prior to his resignation, the company paid for services worth £6,500 to Robert Greene for financial consultancy. the transactions were at an arms length basis.

## 17 Parent and ultimate parent undertaking

The company's immediate and ultimate parent undertaking is The London Borough Of Enfield Council, incorporated in England and Wales.

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Agenda Item 10

# THE CABINET

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

## MUNICIPAL YEAR 2019/2020

## 12 FEBRUARY 2020

1. **10 Year Treasury Management Strategy 2020/21** — Fay Hammond

   This will update Cabinet on the Council's 10-year treasury management strategy. **(Key decision – reference number 5027)**

2. **Quarterly Revenue Monitoring (including HRA) 2019/2020 Quarter 3** — Fay Hammond

   This will present the quarterly revenue monitoring 2019/20 quarter 3. **(Key decision – reference number 5086)**

3. **Budget Report 2020/21 and Medium Term Financial Plan 2020/21 to 2029/30** — Fay Hammond

   This will present the budget report 2020/21 and the medium term financial plan 2020/21 to 2029/30. **(Key decision – reference number 5076)**

4. **Ten Year Capital Strategy and Capital Programme 2020/21 to 2029/30** — Fay Hammond

   This will present the capital strategy and capital programme 2020/21 to 2029/30. **(Key decision – reference number 5026)**

5. **HRA Business Plan Budget 2020/21, Rent Setting and Service Charges** — Fay Hammond

   This will present the HRA Business Plan Budget and Rent Setting Report 2020/21. **(Key decision – reference number 5008)**

6. **Getting to School Policy** — Tony Theodoulou

   This policy will set out how the Council will identify and support those children and young people who need travel assistance to their school or setting and provide it in a consistent, transparent and fair way. **(Key decision – reference number 4851)**

7. **Corporate Property Investment Programme (CPIP)** — Sarah Cary

This will seek approval to a block programme of capital investment into the Council's Corporate Property assets to support the delivery of the Strategic Asset Management Plan (SAMP). **(Key decision – reference number 5006)**

**8. Enfield Repairs Direct** Sarah Cary/Joanne Drew

Report seeking approval for the operating model and associated policies of the new housing in-house repairs service. **(Key decision - reference number 5070)**

**9. New Decision-Making Arrangements to Spend the Enfield Community Infrastructure Levy and Section 106 Agreements** Sarah Cary

This seeks approval to set up new decision-making and reporting system.**(Key decision - reference number 5029)**

**10. Housing Infrastructure Fund (HIF) Grant Agreement To Deliver Strategic Infrastructure Works at Meridian Water**

Sarah Cary

This will seek authority to enter into the funding agreement for the receipt of housing infrastructure funding for the delivery of strategic infrastructure at Meridian Water. **(Key decision – reference number 5085)**

**11. Housing Development Delivery Strategy** Sarah Cary

This will set out the Council's Housing Development Strategy and seeks delegated authority from Cabinet to deliver the strategy. **(Key decision – reference number 4998)**

## 11 MARCH 2020

**1. Future Company Decisions** Jeremy Chambers

**(Key decision – reference number tbc)**

**2. Estate Renewal Update and Approvals** Sarah Cary/Joanne Drew

An update on estate renewals and approvals. **(Key decision – reference number 5059)**

**3. Future Strategy for Later Living Housing** Sarah Cary/Joanne Drew

Review of the sheltered housing stock, re-designation of the stock, and service offer improvement for older residents living in council housing stock.

Recommendations for future development plans of housing for older people. **(Key decision - reference number 5073)**

**4. Multi-agency hoarding and self-neglect policy** Tony Theodoulou

This policy sets out the cross-council and cross-partnership approach to dealing with hoarding and self-neglect issues for vulnerable adults in Enfield. **(Key decision - reference number 5071)**

**5. Modern Slavery Strategy** Bindi Nagra

This will seek approval of the Council's Modern Slavery Strategy.

**6. Good Growth Fund – Angel Edmonton** Sarah Cary

The Good Growth Fund – Angel Edmonton aims to facilitate community engagement and build capacity, deliver employment and skills opportunities and provide the foundation for a strategic spatial plan. The programme will deliver an 'Urban Room', affordable workspace, public realm improvements and a spatial strategy to inform area-based policy. **(Key decision – reference number 5080)**

**7. Updated School Condition and Fire Safety Programme 2020/21 to 2021/22** Tony Theodoulou

This will seek approval of the Schools' capital programme for 2020/21 to 2021/22. **(Key decision - reference number 5082)**

**8. Meridian Water Employment Strategy** Sarah Cary

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

**9. Meridian Water – Meridian Two, Selection of Development Partner** Sarah Cary

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

## APRIL 2020

**1. Quarterly Corporate Performance Report** Fay Hammond

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

**2. Company – Regulatory Compliance** Fay Hammond

**(Key decision – reference number tbc)**

**3. Re-appointment of Company Directors** Fay Hammond

**(Key decision – reference number tbc)**

**4. Broomfield House** — Sarah Cary

This will refer to the Broomfield Conservation Management Plan and Options Appraisal and, set out options for the next steps. **(Key decision – reference number 4419)**

**5. Company Business Plans** — Jeremy Chambers

**(Key decision – reference number tbc)**

**6. 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)**

**7. Economic Development Strategy 2020-30** — Sarah Cary

This will seek approval of Enfield's Economic Development Strategy 2020-30. **(Key decision – reference number 5088)**

**8. 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)**

## NEW MUNICIPAL YEAR 2020/2021

**1. Partially Owned Companies Update** — Jeremy Chambers

This will provide an update on the partially owned companies. **(Key decision – reference number 5052)**

**2. Meridian Water Environmental Sustainability Strategy** — Sarah Cary

This will seek approval for the adoption and assimilation of the Meridian Water Environmental Strategy, combined with the ambitions of the Council's climate emergency declaration, which together will steer processes for sustainable development excellence and future proof the Meridian Water legacy. **(Key decision – reference number 5089)**