

# Public Document Pack



Contact: Jacqui Hurst  
Cabinet Secretary  
Direct: 020 8132 1207  
or Ext:1207  
e-mail: jacqui.hurst@enfield.gov.uk

## THE CABINET

**Wednesday, 10th June, 2020 at 7.15 pm  
(This will be a virtual meeting)**

Please click [Here](#) to view the meeting or copy and paste the below link into your web browser.

[https://teams.microsoft.com/l/meetup-join/19%3ameeting\\_YTcwYTdiNDMtOGJhNC00MDU5LTgxNmEtNzBiZmM0YTAXYWUx%40thread.v2/0?context=%7b%22id%22%3a%22cc18b91d-1bb2-4d9b-ac76-7a4447488d49%22%2c%22oid%22%3a%22de181320-9e9a-429c-a8db-b37ae5b5ded1%22%2c%22isBroadcastMeeting%22%3a%22true%7d](https://teams.microsoft.com/l/meetup-join/19%3ameeting_YTcwYTdiNDMtOGJhNC00MDU5LTgxNmEtNzBiZmM0YTAXYWUx%40thread.v2/0?context=%7b%22id%22%3a%22cc18b91d-1bb2-4d9b-ac76-7a4447488d49%22%2c%22oid%22%3a%22de181320-9e9a-429c-a8db-b37ae5b5ded1%22%2c%22isBroadcastMeeting%22%3a%22true%7d)

### **Membership:**

Councillors : Nesil Caliskan (Leader of the Council), Ian Barnes (Deputy Leader of the Council), Alev Cazimoglu (Cabinet Member for Health & Social Care), Guney Dogan (Cabinet Member for Environment and Sustainability), Rick Jewell (Cabinet Member for Children's Services), Nneka Keazor (Cabinet Member for Community Safety & Cohesion), Mary Maguire (Cabinet Member for Finance & Procurement), Gina Needs (Cabinet Member for Social Housing), George Savva MBE (Cabinet Member for Licensing & Regulatory Services) 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/view meetings of the Cabinet and to 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. MINUTES** (Pages 1 - 12)

To confirm the minutes of the previous meeting of the Cabinet held on 13 May 2020.

**5. TRADING COMPANY BUSINESS PLANS** (Pages 13 - 24)

A report from the Director of Law and Governance is attached. (Report No.259 also refers, containing exempt information) **(Key decision – reference number 5099)**

(Report No.258)

**6. TRANSPORT FOR LONDON (TFL) CAPITAL SCHEMES - UPDATE**

To receive a verbal update from the Director of Environment and Operational Services.

**7. TRANSPORT FOR LONDON (TFL) UNDER 18S AND SCHOOL TRANSPORT - UPDATE**

To receive a verbal update from the Director of Environment and Operational Services.

**8. CABINET AGENDA PLANNING - FUTURE ITEMS** (Pages 25 - 28)

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

**9. DATE OF NEXT MEETING**

To note that the next Cabinet meeting is scheduled to take place on Wednesday 15 July 2020.

**10. 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 virtual meeting for the item of business listed as part 2 on the agenda on the grounds that it involves 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).

**PART TWO ITEM - CONTAINING EXEMPT INFORMATION**

**11. TRADING COMPANY BUSINESS PLANS** (Pages 29 - 90)

To receive a report from the Executive Director – Resources. (Report No.258 above also refers). **(Key decision – reference number 5099)**

(This item contains exempt information as defined in Paragraph 3 (information relating to the financial or business affairs of any particular person – including the authority holding that information) of Schedule 12A to the Local Government Act 1972, as amended).

(Report No.259)

This page is intentionally left blank

CABINET - 13.5.2020

**MINUTES OF THE MEETING OF THE CABINET  
HELD ON WEDNESDAY, 13 MAY 2020****COUNCILLORS****PRESENT**

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

**Associate Cabinet Members (Non-Executive and Non-Voting):** Mustafa Cetinkaya (Enfield South East), Ahmet Hasan (Enfield North) and Claire Stewart (Enfield West)

**OFFICERS:**

Ian Davis (Chief Executive), Sarah Cary (Executive Director Place), Tony Theodoulou (Executive Director People), Fay Hammond (Acting Executive Director Resources), Matt Bowmer (Interim Director of Finance), Jeremy Chambers (Director of Law and Governance), Bindi Nagra (Director of Health and Adult Social Care), Doug Wilkinson (Director of Environment & Operational Services), Tinu Olowe (Director of Human Resources and Organisational Development), Doug Wilson (Head of Strategy, Performance and Policy), Andrew Golder (Press and New Media Manager), Claire Johnson (Head of Governance, Scrutiny and Registration Services) and Clare Bryant (Senior Governance Officer) Jacqui Hurst (Secretary)

**1****WELCOME AND INTRODUCTIONS**

Councillor Nesil Caliskan (Leader of the Council) welcomed everyone to the first virtual Cabinet meeting in Enfield which would be live streamed to the Council's website. The agenda for the meeting had been published in advance. Councillor Caliskan took this opportunity to recognise how difficult and traumatic the last few weeks had been for the Borough and its residents; across the United Kingdom as a whole; and globally. Many lives had sadly been lost to Covid-19. Councillor Caliskan led the Cabinet in a minute's silence in their memory.

Prior to the start of the meeting, all Members present at the meeting introduced themselves, as reflected in the minutes above.

**CABINET - 13.5.2020**

**2  
APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**3  
DECLARATIONS OF INTEREST**

There were no declarations of interest.

**4  
DEPUTATIONS**

NOTED, that there were no deputations to be considered at this Cabinet meeting.

**5  
MINUTES**

**AGREED**, that the minutes of the previous meeting of the Cabinet held on 11 March 2020 be confirmed and signed by the Chair as a correct record.

**6  
COVID-19 - INITIAL ASSESSMENT OF THE FINANCIAL IMPACT**

Councillor Mary Maguire (Cabinet Member for Finance and Procurement) introduced the report of the Executive Director – Resources (No.249) outlining the initial assessment of the financial impact of dealing with the COVID-19 pandemic across both the General Fund and the Housing Revenue Account (HRA).

NOTED

1. That these were unprecedented and sombre times with many lives having been lost daily. It must be recognised that the Covid-19 pandemic was not only having a significant financial impact but a significant human cost as well. The Council's response had been immediate and comprehensive providing all the support required to the Borough's residents and to protect and help the most vulnerable. The response had been excellent from both Councillors and Officers. Local businesses had been supportive and generous donations received in seeking to support those in need.
2. That this report provided an initial assessment of the financial impact of dealing with the Covid-19 pandemic across both the General Fund and the Housing Revenue Account (HRA) and considered three areas: additional expenditure incurred; loss of income; and, the impact on 2020/21 savings. Prior to this crisis, in February 2020, the Council had agreed a balanced budget, as detailed in the report. As a direct result

**CABINET - 13.5.2020**

of the Covid-19 crisis the Council was forecasting financial pressures of £68.086m.

3. That there were uncertainties at this stage and some major financial consequences would take some time to filter through, as detailed in the report.
4. That as an initial measure the Council had set aside £3m of its reserves to create a Covid-19 Fund. At this time the total funding received from the Government had been £17.9m. The Government had assured local government that funding would be forthcoming to meet the challenge of Covid-19; the Council would continue to seek further Government funding, alongside other local authorities, to meet the additional costs incurred; currently predicted at £68.086m, as detailed in the report.
5. That the work that had been undertaken in previous years to set a balanced budget had ensured that the Council's finances had been in a sustainable position. Rigorous processes had been undertaken and difficult decisions taken to achieve a strong, resilient and sustainable budget. This resulted in a good financial foundation, but all that work was not at risk due to the costs of dealing with Covid-19.
6. The huge financial pressures that had now arisen. A number of the most significant cost implications were highlighted including: Adult Social Care pressures and support; the implications and support for the Borough's care homes – both the staff and residents; the impact and cost of additional support to children and families social care; support of the Borough's homeless; and, the setting up of the Council's community support hub. In addition, the impact of the loss of projected income was significant including: parking fees; tax collection rates; business rates.
7. That the appendices to the report set out the financial pressures for each Council Department; an update on the impact on 2020/21 savings and income proposals; the funding allocation details for London Boroughs; and, the impact on the Housing Revenue Account (HRA).
8. That section 5 of the report provided an update on 2020/21 savings and income proposals.
9. That section 6 of the report set out the anticipated impact on the Council's capital programme; and, section 7, the situation to date regarding Government funding.
10. The impact on the Housing Revenue Account (HRA) as set out in detail in section 10 of the report.
11. This was a developing situation that would continue to be closely monitored and reviewed, and necessary actions taken.

**CABINET - 13.5.2020**

12. That the Council was undertaking scenario planning should the Government not meet the full costs incurred. The Leader of the Council had written to the Prime Minister to honour his commitments to local government to enable Council's to achieve financial resilience during and post the Covid-19 crisis. Stable and resilient local government would be necessary for the long-term recovery of this Borough and nationwide. Section 12 of the report set out in detail the next steps for the Council. At present, the current estimated shortfall in funding was £45.186m.
13. That the Council would continue to actively review the financial impact and identify mitigating actions. Members paid tribute to Council officers who had responded quickly to the crisis. Financial pressures in relation to dealing with Covid-19 would continue to be assessed. The Government had made a clear commitment to fund the expenditure incurred by local government and the Council would continue to seek the financial support required, as set out in the report.
14. The Executive Director of Resources reiterated that the Council had a good financial base to work from with a 5-year medium term financial plan and 10-year capital programme. There were significant challenges and pressures to be met and the full costs of responding to the Covid-19 crisis would continue to be assessed and recorded. The Council would continue to work with other London Councils to lobby the Government for full recompense of the additional costs incurred by local government. Questions were invited from the Cabinet Members and responses provided including the following points set out below.
15. Members expressed their support and appreciation to Council's officers for their response and significant work in meeting the challenges faced.
16. The work that had been undertaken in providing shelter to the Borough's rough sleepers. Members' questioned what would happen post the current crisis. In response, it was noted that the Council had received a specific grant for homelessness and rough sleepers of £18k which fell significantly short of the costs incurred. Enfield was working with London Councils in considering proposals for post Covid-19 and was lobbying the Government for additional resources to meet service demand.
17. That the financial pressures on Adult Social Care provision had been at breaking point for several years. Members sought clarification on the Government funding provision for this sector. The financial pressures were recognised both in the short and long-term. The Council's support for this sector was outlined, as detailed in the report. Members noted the separate report, detailed in Minute No.8 below, in proposing additional support to Care Homes in the Borough.



**CABINET - 13.5.2020**

18. Members reiterated the need for full Government funding to meet the additional financial pressures on local government. The financial detail set out in the report was highlighted together with the continuing work that was being undertaken. It was noted that through benchmarking information, Enfield's projections were comparable with other similar Councils. Enfield was working alongside other local authorities across London as set out in the report. Finance Directors of the North London Councils were meeting on a regular basis to assess the full financial impact on their Boroughs. Thanks and appreciation were expressed to the Service Directors for the provision of detailed financial projections to help in assessing the Council's financial position going forward. Work would continue to review projections against expenditure incurred.
19. That the Leaders of London Councils were communicating on a regular basis and would continue to lobby Government for sufficient funding to meet the costs being incurred. The robustness of the Council's budget and processes in place, provided a sound foundation on which to work going forward.
20. The significant cost in relation to Education and Children and Families as highlighted in Appendix C of the report. The current unquantified pressures in relation to Education, Appendix F of the report referred, were also noted. In response the Government and Council schemes in relation to the provision of free school meals were outlined and the costs met by Schools through the dedicated schools grant. Work would continue on assessing the full impact of costs incurred and regular updates would be provided to the Cabinet on the ongoing financial implications of the Covid-19 crisis.
21. In considering the financial impact of the crisis, Members reiterated the significant human cost.
22. Councillor Caliskan proposed, with the support of the Cabinet, to recommend that this report be referred to the Overview and Scrutiny Committee for its consideration and scrutiny of the financial impact on the Council, as reflected in the decisions below. These were unprecedented times and an evolving situation.

**Alternative Options Considered:** NOTED, that no alternative options had been considered.

**DECISION:** The Cabinet agreed to

1. Note the initial position of forecast cost pressures of £68.086m; less current grant funding allocation of £17.9m, and capital financing savings of £2m and reserves allocation of £3m; current estimated shortfall in funding of £45.186m.

**CABINET - 13.5.2020**

2. Note that officers would be reviewing actual expenditure, income shortfall and the impact on savings programmes in order to update the forecasts on a continuous basis given the ever-changing nature of the crisis with regular reports to senior management and Cabinet.
3. As a responsible Council, note that services were working to identify mitigating actions to help address the challenging financial position, including scenario planning in the event of the Government failing to fully fund the Council's Covid-19 costs.
4. Refer this report to the Overview and Scrutiny Committee for their consideration and scrutiny.

**Reason:** The prime purpose of the report was to provide an early assessment of the financial pressures the Council was facing as a consequence of the Covid-19 pandemic.

**7**

**PROPOSAL FOR CONSISTENT CORPORATE CHARGING APPROACH AS RESPONSE TO COVID-19**

NOTED, that this item had been withdrawn from the agenda.

**8**

**COVID-19 CARE HOME SUPPORT**

Councillor Alev Cazimoglu (Cabinet Member for Health and Social Care) introduced the report of the Executive Director – Resources (No.251) detailing the support being provided to Care Homes in Enfield.

NOTED

1. That every death as a result of Covid-19 was a tragedy and the impact on the adult social care sector, both for residents and staff, had been significant. The range of social care staff was highlighted, both in care homes and in supporting vulnerable residents in the community and their own homes. Members expressed their sincere thanks and appreciation of the valuable work that continued to be carried out by front line care staff and the voluntary sector who risked their lives on a daily basis in order to provide the care needed by the Borough's most vulnerable residents. The Council was doing all that it could to protect and support the staff and residents during this crisis, including through the funding of PPE; adequate staffing; and testing availability.
2. That the report detailed the support being provided to Care Homes in Enfield, which had the 3<sup>rd</sup> highest number of care homes of any London Borough. The provision of a time limited grant payment to each of the Borough's individual care homes (residential and nursing) providers was proposed, as detailed in the report. This would cover a period up

**CABINET - 13.5.2020**

to three months and provide a 5% uplift on all current placement spot purchased for this period, as set out in the decisions below.

3. Members expressed their sincere gratitude to the front-line staff who had continued to provide essential services in such difficult circumstances.
4. That a discussion followed including points of clarification and questions by Members.
5. Members reiterated their appreciation of the staff involved in the adult social care sector and their ongoing work and support of vulnerable residents. In response to a question on the short and long-term risks should the 5% uplift not be provided, the Council's duties under the Care Act 2014 for direct responsibility for the Care Home Market Management was highlighted, as set out in the report. It was essential to maintain the sustainability of the care home sector and service provision both in the short and long-term.
6. That Enfield had a significant care home sector and supported living schemes. The impact faced by the sector through the number of deaths in care homes, staff absences, and additional costs such as PPE provision was explained to Members in detail. It was noted that tragically the loss of life being experienced was four times higher than normal expectations. The significant financial and human cost was recognised. The Council, with other North Central London Councils, was seeking to provide the additional support as outlined in the report.
7. In addition to the financial uplift proposed, the Council was also providing support through the financial provision for PPE, the extension of the Council's employee assistance programme to the staff employed by the adult care sector, as set out in the report. The Council would continue to work with care providers, support them in whatever ways possible and fully communicate and engage with them as the situation continued to evolve and develop. It was acknowledged that more significant interventions could be required in the future.
8. The large care sector in Enfield was reiterated, as highlighted in the report, and the importance of maintaining the viability of the sector in the Borough was recognised. Officers had been asked to ensure that that a joined-up approach was implemented, with a comprehensive and corporate response to the identified risks and required interventions being developed. The Council had sought to support the adult care sector through the provision to grants to secure PPE, which many had struggled to access due to the national shortage, and, seeking to ensure that adequate testing was available to all care homes and staff.
9. That there were approximately 5,000 care workers in the Borough and a further 6,000 front line key workers. The response of the NHS and care sector to the Covid-19 pandemic had been magnificent and

**CABINET - 13.5.2020**

humbling. Incredible efforts and sacrifices had been made and many individuals had sadly lost their lives. The loss of life in care homes was unprecedented. The impact on both front line workers and families throughout the Borough was significant and would have long-term consequences.

10. In addition to the work of care homes in the Borough, Members highlighted the other valuable work being carried out for example, in seeking innovative ways of supporting vulnerable adults in their own homes while they could not access normal services such as day centres. Service provision was being adapted as much as possible to meet continuing needs and to protect the most vulnerable.
11. Members expressed their appreciation to all involved including the Cabinet Member for Health and Social Care and Officers for their continuing hard work. Members acknowledged also the significant efforts of Councillor Caliskan as Leader of the Council in raising the national prominence of the issues highlighted and in seeking adequate funding and support from the Government. Members supported the recommendations set out in the report as reflected in the decisions below.

**Alternative Options Considered:** NOTED, that the principles had been considered and agreed by all councils across the North Central London (NCL). The Council's options were to enhance this payment or if not, to run the risk of residential and nursing homes becoming financially unstable and closing. Additionally, not paying the same rate as other NCL Councils.

Other alternatives had already been employed. The Council had provided, in kind, support through the provision of personal protective equipment (PPE) free of charge to all providers who need it as well as other types of support. Our local community health provider, Barnet, Enfield and Haringey Mental Health Trust also provided clinical support through qualified nursing/medical staff to cover an gaps in cover that homes might have due to staff absence.

**DECISION:** The Cabinet agreed to

1. Note the distressing and disproportionate impact that Covid-19 had had on our Care Home residents, their relatives and staff.
2. Note the extent of the support provided to the Care Home Sector.
3. Note the potential future considerations and requirements for rescue of care providers that had been significantly impacted by Covid-19.
4. Agree the additional time limited grant payment to each of our individual residential/nursing care home providers equivalent to 5% of the cost of current placements.

**CABINET - 13.5.2020**

**Reason:** NCL care home commissioners had suggested that a regional approach to meeting short-term additional costs associated with COVID-19 would be helpful. This was because the market-place was regional, and consistency was therefore helpful to prevent an upward pressure on cost; and also because multiple organisations were purchasing services from shared providers. Enfield currently had 82 homes with 1831 beds. In total Enfield had placed 862 individual placements in care homes both in and out of Borough. Enfield's providers were a significant source of both employment and care placements within the borough. As a council we must support this vital sector who support Adult Social Care and the local economy.

**9**

**IN-SOURCING OF THE ROAD GULLY CLEANING SERVICE**

Councillor Guney Dogan (Cabinet Member for Environment and Sustainability) introduced the report of the Director of Environment and Operational Services (No.252) proposing the in-sourcing of the road gully cleaning service.

**NOTED**

1. That the report recommended in-sourcing the road gully cleaning services on, or as soon as possible after, 1 July 2020 as set out in the report. This function would be managed within Public Realm Services, specifically, under the Council's Street Cleansing Service, based at Morson Road depot.
2. That the current contractor's performance provided cleaning of circa 15,000 gullies per year. With the introduction of modern technology and data intelligence now used in this industry, the Council's highways engineers had estimated that by managing the service in-house, the performance of this service could be significantly improved with up to 20,000 gullies cleaned per year. This represented a 30% improvement in service. There would also be further opportunities for the service to operate more commercially, generating additional income through servicing and cleaning gullies on housing land, educational premises, private developments and privately managed industrial estates, as detailed in the report.
3. The cost of providing the service in-house had been estimated to be £160,000. The current annual budget allocation with the highways service for the cleansing of highway gullies is £149,500. Highway Services will accommodate the additional £10,500 from wider existing budgets through income associated with highway licences and street works permits and traffic orders.
4. Members supported the proposal to bring the service in-house and were pleased to note the anticipated improvement in both service provision and flexibility as set out in the report.

**CABINET - 13.5.2020**

5. Members reiterated their commitment to insourcing Council services as much as possible and were pleased to be able to make progress on this during this challenging time. The proposals would result in improved service provision to the benefit of Enfield residents.
6. The Council would continue to explore further possibilities for in-house provision across the range of highway services providing the Council with increased levels of control over service provision and performance.

**Alternative Options Considered:** NOTED, that delaying the opportunity to in-source the gully cleaning service until the end of the Ringway Jacobs contract would be a missed opportunity to achieve an improved service as soon as possible. Gully cleaning could be tendered as a specific activity or as part of a wider highway maintenance contract, however this would deprive the Council of the benefits of direct service provision.

**DECISION:** The Cabinet agreed to

1. Approve the in-sourcing of the road gully cleaning service and deliver the service from within Public Realm Services based at Morson Road with effect from 1 July 2020, or as soon as practicable after this date.
2. Develop the business as set out in the report, to be the provider for gully and drainage services to Housing Services.

**Reason:** NOTED, the following reasons for the recommendations, as set out in full in section 5 of the report:

1. In-sourcing the gully cleaning service would enable the Council to have greater control and flexibility of this activity by directly setting and monitoring cleaning programmes and priorities.
2. This activity could easily be accommodated under existing management arrangements within the Environmental Services' Public Realm services teams based as Morson Road depot.
3. The in-sourcing of the gully cleaning activity in advance of the end of the current contract would provide an opportunity for a "test run" for a potential larger service transfer at the end of the contract on 1 April 2021.

**(Key decision – reference number 5118)**

**10**

**CABINET AGENDA PLANNING - FUTURE ITEMS**

NOTED, for information, the provisional list of items scheduled for future Cabinet meetings.

**11**

**DATE OF NEXT MEETING**

**CABINET - 13.5.2020**

NOTED, that the next Cabinet meeting was scheduled to take place on Wednesday 10 June 2020 at 7.15pm. This would be a virtual meeting live streamed to the website for public viewing.

Councillor Caliskan took this opportunity to express Members' thanks to senior Council officers for their response to this unprecedented crisis; an emergency situation that had not been experienced previously. The Council's response had been positive and effective in supporting its residents and businesses in many ways including the setting up of a Supply Centre providing essential support to vulnerable residents; providing support to the care sector; provision for rough sleepers; and, continuing to ensure that the Council's services continued. Enfield's response had been extraordinary, and Officers had worked above and beyond their normal working expectations. Thanks and appreciation were extended to Ian Davis, Chief Executive, on behalf of all Council officers. In response, it was acknowledged that there was still a long way to go in overcoming the current pandemic situation and, the big challenges that were still to be faced. The Council would continue to work hard to support its residents and continue to provide the services required.

This page is intentionally left blank



**MUNICIPAL YEAR 2019/2020 REPORT NO. 258**

**MEETING TITLE AND DATE:**

Cabinet – 10 June 2020

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

Contact officer and telephone number:

Will Wraxall 0208 379 1265

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

**Agenda – Part: 1****Item: 5****Subject:** Trading Company business plans  
2020-23**Wards:** All**KD No:** 5099**Cabinet Member consulted:** Cllr Mary  
Maguire**1. EXECUTIVE SUMMARY**

- 1.1 The Council's trading companies operate according to forward business plans, which were fully refreshed for the 2019-20 financial year and are now due for one-year rolling update.
- 1.2 Housing Gateway Ltd (HGL) works to a three-year business plan. This has been updated to reflect the period 2020-23. This includes an update to include provision of a letting agency service.
- 1.3 The HGL business plan requires approval from Cabinet, representing the Council as sole shareholder of the company. This enables the Council to gain assurance that the strategic aims, targets and direction of the company remain complementary to the Council's vision for the borough.
- 1.4 Energetik operates a two-tiered planning structure. The company works towards its 40-year business plan, the most recent update to which was approved by Cabinet in September 2019. This is supported by a rolling three-year Operating Plan, which sets out the key deliverables required over the next three years to achieve the overarching business plan.
- 1.5 Energetik's Operating Plan does not require the Council's approval as shareholder, however it is reported to Cabinet in the interests of transparency and good relationships between the shareholder and the company, and in order to enable Cabinet to effectively conduct its role of overseeing the forward strategic direction of the company.

## **2. RECOMMENDATIONS**

Recommended that:

- 2.1 Cabinet approves the business plan of HGL for the period 2020-23, including the development and implementation of an Ethical Letting Agency alongside the company's core private rented business.
- 2.2 Cabinet notes and supports the Operating Plan of Energetik for the period 2020-23.

## **3. BACKGROUND**

- 3.1 In early 2019, the Council's trading companies refreshed their business plans. The companies produced plans covering the period 2019-22. The exception to this was Energetik, which operates a two-tier planning system, with an overarching 40-year business plan supported by a three-year operating plan. Energetik refreshed its business plan for the Tranche 2 funding decision in September 2019 and updates its operating plan to a three-year forward view each year.
- 3.2 The companies have now been requested to provide a rolling update on an annual basis. This will consist of updated financial projections and strategic action plans, updates if relevant to performance measures and other related analysis (e.g. market and customer analysis for HGL).
- 3.3 A full refresh would normally be conducted for approval at the end of the original period of the business plan, i.e. March 2022. However, dependent on developments during the year and the expected outcome, the current schedule for the end of the Brexit transition period on 31<sup>st</sup> December 2020 may warrant an earlier review of business plans should the form of post-transition arrangement entail substantial effects on the companies' markets.
- 3.4 It should be noted that EIL produced a one-year business plan in 2019, with the intention of reviewing the future of the company. The SHS1 project will shortly come to an end, and potential uses for and/or rebranding of the company will be considered over the next year. As such there is no business plan to produce. Should

a way forward be developed, a business plan will be brought to Cabinet.

## **Housing Gateway**

### Strategic Objectives

- 3.5 HGL's proposed strategic objectives are stated as follows:
- a. Deliver demonstrably, good quality housing for residents through a variety of products suitable for residents on low to median income levels. Deliver increased housing supply to the Council with at least an additional 250 units by 2023.
  - b. Deliver savings to the Council of £1m pa, contributing to the Council's financial pressures arising from the shortfall in the provision of temporary accommodation. Ensure a suitable financing structure for the company.
  - c. Deliver an innovative ethical estate agency, providing an excellent service for tenants and landlords alike. In doing so providing significant cost savings to the Council and reduction in the use of temporary accommodation. Establishing a portfolio of 560 units by year 3.
- 3.6 These are assessed to be effectively aligned to the Council's corporate plan objectives and will provide a good contribution towards and help to improve the overall housing offer for residents.

### Ethical Letting Agency

- 3.7 The most significant item in Housing Gateway's business plan is the inclusion of an ethical letting agency. The financial assessment specifically of the letting agency focus of the business is included within the business plan as appendix 1.
- 3.8 Housing Gateway's focus prior to 2020-21 has been the provision of housing at Local Housing Allowance (LHA) rate. This assists Enfield residents by providing a further avenue to obtaining suitable housing and helps to reduce the time that service users may spend in temporary accommodation.
- 3.9 The core HGL business will continue to provide this type of accommodation through acquisition of properties within the Enfield borough and rent through LHA rate.

- 3.10 The letting agency will supplement this by providing an avenue to intervene within the private rental sector, in a manner consistent with the Council's general housing strategy. It will complement the work of HGL's core business by extending the reach of the company within the market, and through expanding the variety of the company's housing offer to meet a wider extent of needs and circumstances.
- 3.11 In addition, the agency will offer longer term tenancies of up to five years that are not generally found in the private rented sector. The National Audit Office identified in 2017 that the leading cause of homelessness had become the ending of shorter-term private sector tenancies; by addressing this existing gap in the private market via the letting agency, HGL hopes to contribute to the prevention of homelessness from occurring.
- 3.12 For the Council, the extended offer will provide a further avenue to avoid costs of homelessness, both through prevention – the letting agency will offer longer term tenancies providing families with greater security and less likelihood of homelessness than they may face in the wider private market – and through potential provision of tenancies to suitable families on the housing register and in temporary accommodation.

#### Core portfolio expansion

- 3.13 HGL's key strategic target for the core portfolio is to expand by 250 properties by March 2023. This is subsequent to a previous target to achieve 250 properties by March 2022.
- 3.14 The original March 2022 target has been affected by a number of issues restricting the number of viable properties for HGL to purchase. Some of these issues have been addressed (e.g. through a refinancing package agreed with the Council which will take effect from 1<sup>st</sup> April 2020) and some of which are inherent to the company's business model – charging LHA rental rates for example will mean there are always restrictive viability limits on HGL's purchasing ability (page 8 of the business plan identifies the maximum HGL can pay for one, two and three bed properties).
- 3.15 These developments have been supplemented by a proposal for a £5m equity provision to HGL from the Council. This will provide £5m of capital spend to the company without the need to make regular interest repayments, thus increasing the number of properties which would be viable to purchase with the funds and enabling the company to expand its portfolio. This will be considered by Cabinet as a constituent part within the Capital Programme.

- 3.16 However, some risks to expansion are inherent to the company's business model – charging lower rental rates on some properties for example will mean there are always some viability limits on HGL's purchasing ability (page 8 of the business plan identifies the maximum HGL can pay for one, two and three bed properties). In this respect, the target put forward by HGL may be optimistic even with mitigating strategies. The company has confirmed that it believes the target to be achievable and will report performance against it through regular quarterly monitoring.

#### Finances & equity investment

- 3.17 Revised projections have been produced for the forward plan based on progress within 2019-20, using year-end 2019-20 projections as at the end of January 2019.
- 3.18 These figures do not include Enfield Lets. The business plan presents the business case for Enfield Lets as an appendix, and through this the effect on the core business can be seen.
- 3.19 The figures indicate higher projected profits both in 2019-20 and future years than were previously expected in the original business plan. It should be noted that profit is not necessarily cash and as such there may not necessarily be a prudent option for profits to be re-invested or for the Council to leverage dividends.
- 3.20 For further detailed discussion of financial data, please refer to the part 2 report.
- 3.21 Cabinet considered and approved the envelope for an investment of equity funding in HGL as part of the Capital Programme in March 2020. This is detailed further within the Part 2 report.

### **Energetik**

#### Meridian Water Energy Centre

- 3.22 The construction of the Meridian Water energy centre, which will serve phase one of the Meridian Water development, is scheduled to begin in October 2020, funded with the borrowing agreed in the Tranche 2 decision taken by Cabinet in September 2019.

#### Heat network expansion

- 3.23 The operating plan projects the expansion of the three satellite networks in Ladderswood, New Avenue and Alma Road/Electric Quarter to final completion at December 2020, at which time 677 properties will be connected across the three sites (including existing connected properties).
- 3.24 Attached to this is the completion of permanent energy centres for the Alma and New Avenue developments, both to be complete by 31 May 2020, and the subsequent pipeline connection of Electric Quarter to the Alma energy centre, due for completion by December 2020.

### Finances

- 3.25 Projected finances are detailed within the Part 2 report.

### **Variations to the details of the business plans**

- 3.26 During the course of business, the companies' situations may be influenced by external factors or opportunities may arise which cause the company to wish to change the proposals of the business plan, either engaging in activities which were not proposed within the business plan or altering the balance of activities which were proposed. This creates a risk that should plans change significantly, the plans may no longer reflect the desired strategic direction of the Council as shareholder.
- 3.27 To mitigate this risk, the Council has implemented Reserved Matters with the companies, that is a schedule of business decisions which the company may not take without the approval of the Council as shareholder. Within this schedule are identified financial limits on changes which may be made to the business plan. These limits apply both to budgeted increases in expenditure and virements of expenditure.
- 3.28 Any arising matters necessitating further Cabinet approval will be brought forward during the year as required.

### **Performance Monitoring of Business Plans**

- 3.29 The Council's companies report on a quarterly basis, via an agreed template. The template measures financial performance, service performance and key actions against the targets, projections and action plans stated within the approved business plans.
- 3.30 HGL's business plan identifies the targets to be considered. Energetik proposes to continue with the suite of KPIs which are

currently monitored, covering both customer service and financial performance, as well as monitoring the key actions, milestones and financial projections listed in the operating plan.

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

- 4.1 For HGL, the first alternative is to do nothing and allow the companies to continue with their existing business plans covering the period 2019-22. This would create a risk that the business plan would not take into account in-year developments (most notably the proposal of a letting agency function) which have a significant impact on the business plan. Continuing to measure the company's performance based on the content of the existing business plan would not provide accurate or useful interpretation of the company's success or otherwise in meeting the objectives set for them by the shareholder, and therefore the shareholder would not be able to make effective strategic decisions on the company, or effectively challenge the company if required. For these reasons this option is not recommended.
- 4.2 Another alternative would be a complete refresh of the entire business plan. Such an exercise was carried out in early 2019, and there is no reason to consider that a further exercise would reveal any significant change in any of the background analyses that were conducted by the company to inform the previous business plan, and this is not therefore recommended as it is not assessed to be an effective use of resources. Generally, a full refresh would be undertaken every three to five years, although dependent on developments over the remainder of 2020 the imminent implications of Brexit may warrant a full refresh in early 2021, earlier than would normally be expected.
- 4.3 A final alternative for HGL would be for Cabinet to reject the business plan and request a revision. This would be an appropriate option if the business plan did not reflect the Council's objectives for HGL, or if the Council wished on reflection to change its objectives for HGL.
- 4.4 In regard to Energetik, the shareholder does not approve the Operating Plan being presented, therefore formally there is no alternative. However, it is essential for the success of the company that a collaborative relationship is maintained between the company and the shareholder. As such, should Cabinet have concerns on the content of the Operating Plan, officers would work with the company to address those concerns and provide further assurances to Cabinet that the Council's priorities were reflected in the company operating plan.

## **5. REASONS FOR RECOMMENDATIONS**

The HGL business plan and Energetik operating plan presented will assist in achieving the Council's corporate plan objectives, will assist residents by providing a genuine, affordable alternative to the general private market, and will help the Council financially through the recovery of interest premiums and contributions to cost avoidance in areas such as homelessness.

## **6. COMMENTS FROM OTHER DEPARTMENTS**

### **6.1 Financial Implications**

6.1.1 The establishment of the Ethical Letting Agency forms part of the agreed new service model that supports the Homelessness Strategy and as such is important to the delivery of the services business plan which includes Medium Term Financial Plan saving expectations between 2020/21 and 2022/23.

6.1.2 Please refer also to Part 2 report.

### **6.2 Legal Implications**

6.2.1. The Council has various legal and fiduciary duties in relation to the budget. The Council is required by the Local Government Finance Act 1992 to make specific estimates of gross revenue expenditure and anticipated income leading to the setting of the overall budget. The Local Government Act 2003 entitles local authorities to borrow and invest as long as their capital spending plans are affordable, prudent and sustainable.

6.2.2 The 2003 Act requires the Chief Finance Officer to report to Council as part of the budget process on the robustness of the estimates of borrowing, investment and spending and the adequacy of the proposed financial reserves taking into account the affordability, prudence, sustainability, value for money, stewardship of assets, service objectives and practicality requirements as provided by the CIPFA's Prudential Code of Capital Finance in Local Authorities concerning borrowing and investment.

6.2.3 The Financial Procedure Rules require a release of capital report to be submitted to Cabinet before any expenditure is committed or incurred.



6.2.4. Members are obliged to take into account all relevant considerations and disregard all irrelevant considerations in seeking to ensure that the Council acts lawfully in adopting a budget. The Council must set and maintain a balanced budget and must take steps to deal with any projected overspends and identify savings or other measures to bring budget pressures under control. Members should note that where a service is provided pursuant to a statutory duty, the Council cannot fail to discharge its duty properly.

6.2.5 Members have a fiduciary duty to the Council Taxpayer for whom they effectively act as trustee of the Council's resources and to ensure proper custodianship of the Council's resources.

6.2.6 When approving the budget, regards should be given to 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.

### **6.3 Property Implications**

None

## **7. KEY RISKS**

7.1 An overriding general risk for all companies is that financial and performance targets may not be met, or key actions to deliver strategic objectives may not be delivered. This is managed through regular Shareholder reporting, which covers four elements of financial performance, return on investment, service performance and key actions for the year. These will be reported quarterly by all companies to the Council's Commercial Board for challenge and agreement of any remedial actions required.

7.2 There is a general risk that the form of arrangements following the transition period arising from the UK's exit from the EU, currently scheduled to end on 31 December 2020, could impact significantly on the markets the companies operate in, affecting the achievability of the strategic and performance targets set within the business plan and the realism of strategic objectives. Should this situation arise the companies will be asked to

provide a full refresh of their business plans including market analyses, to be presented to Cabinet in March/April 2021.

- 7.3 There is a risk that in-year developments render HGL's business plan unviable or cause it to require revision. Under agreed reserved matters, the company has clear delegated authority and can make changes up to agreed financial levels or on agreed types of tasks. Any changes outside these limits would be brought back to Cabinet to ensure they remain in line with the Council's strategic objectives for the company.
- 7.4 HGL could find portfolio expansion difficult due to market conditions and the viability limits on potential purchases. This has been addressed in part with a £5m equity input into the company by the Council, which will increase the number of viable properties as repayment will not need to be taken into account.
- 7.5 Delays or revisions to Meridian Water could affect the progress of Energetik. The company is due to commence building its Energy Centre in the coming year, which will serve Phase 1 of the project. Delays to the continuation of Meridian Water could affect connections and therefore profit over the next few years for Energetik. This risk is considered by a regular client group meeting between the Place department, shareholder function and Energetik, and the company is investigating potential expansion opportunities elsewhere, as referred to on pages 3, 13 and 14 of Energetik's operating plan, and the key activities action plan for 2020-21 includes action entries to monitor the development of those opportunities.
- 7.6 The companies and Council have liaised and undertaken exercises to identify potential effects of the coronavirus pandemic; for HGL the main potential negative risks are to rental income and portfolio value, though there is also a potential opportunity for HGL as a purchaser of properties. For Energetik, potential delays to construction projects or new property handovers could reduce projected income, though there are some contractual protections the company has in regards to this which will assist.
- 7.7 Rental income may fall due to households receiving less income as a result of furlough or redundancy, or debts may rise due to inability to pay or delays in payment of Universal Credit applications by tenants. The company has monitored its income and bed debt closely over the period of pandemic, and to date there has been no significant decrease in income or increase in debt; however, the economic effects of the pandemic will likely continue for some time and therefore monitoring will continue be key to managing the key. Finances and debt level targets are

reported to LBE by the Company through quarterly performance reports.

- 7.8 It is likely that property prices will drop as a result of the pandemic and government restrictions slowing down the housing market; a report in May from the Royal Institute of Chartered Surveyors suggested that the property market may not recover to pre-pandemic prices for 11 months. This is negative for HGL's own portfolio, though there is little immediate practical effect as the company is not seeking to sell any properties. There could be a risk in the event of substantial price falls that the company's portfolio would not equal the value of its loans, placing the company in negative equity.
- 7.9 From the perspective of a company looking to expand property portfolios, the property market situation does also present a potential opportunity, as falling prices may mean more viable properties on the market, and greater value for investment in the company. This is subject to purchases being able to complete, which depends on social distancing restrictions; many surveyors have suspended operations over the recent period of restrictions for example, pausing purchase processes. The £5m equity funding proposed in this report will provide a cash injection allowing the company to be agile in its response to the property market, and the company has retained communications with estate agents over the period of social distancing to ensure it is aware of any available properties which it may be able to offer against once possible.
- 7.10 The Coronavirus pandemic may impact on the delivery of some aspects of the operating plan. For example, while work on connecting developments has not stopped, the need for social distancing and the suspension of services by other workers (e.g. surveyors) has led to delays in handover or lost potential income – for example, the Premier Inn hotel at the Ladderswood site is connected but cannot operate due to coronavirus restrictions, and therefore is not utilising heat.
- 7.11 This also may apply to the development of the Company's own energy centres. Requirements to social distancing may limit tasks that can be undertaken, thereby delaying progress. The Council will look to capture any such delays through regular quarterly performance and work with the company to ensure any implications are promptly addressed.

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

### **8.1 Good homes in well-connected neighbourhoods**

Housing Gateway seeks to provide low cost rental properties and temporary accommodation at a higher standard than is otherwise available for tenants, assisting them to remain connected to their communities.

**8.2 Sustain strong and healthy communities**

Housing Gateway seeks to provide affordable rental properties and temporary accommodation of a better quality than is otherwise available for tenants, helping to improve their health, reduce stress and enable them to remain connected and contribute to their local communities.

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

HGL helps to reduce the amount that customers need to spend on necessities such as housing and energy, thus increasing their disposable income which they can spend within the local economy, and their ability to socialise and contribute within their local communities.

**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**

None

## THE CABINET

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

|                  |
|------------------|
| <b>JULY 2020</b> |
|------------------|

- 1. Capital Outturn Report 2019/20** Fay Hammond

This will update Cabinet on the final outturn position on the capital programme for 2019/20. **(Key decision – reference number 5149)**
- 2. Revenue Outturn Report 2019/20** Fay Hammond

This will update Cabinet on the final revenue outturn position for the financial year 2019/20. **(Key decision – reference number 5151)**
- 3. Treasury Outturn 2019/20** Fay Hammond

This will update Cabinet on the performance of the Treasury Management function during 2019/20 and the key statistics for the year. **(Key decision – reference number 5152)**
- 4. Medium Term Financial Strategy 2021/22 to 2025/26** Fay Hammond

This will update Cabinet on the Medium-Term Financial Strategy 2021/22 to 2025/26. **(Key decision – reference number 5150)**
- 5. Quarterly Corporate Performance Report** Fay Hammond

This will present the quarterly corporate performance report. (Non key)
- 6. Homelessness in Enfield 3** Sarah Cary

This will seek approval of the Housing Allocations Scheme and Temporary Accommodation/Private Rented Sector Placement Policy. **(Key decision – reference number 4682)**
- 7. Making of a Non-Immediate Article 4 Direction** Sarah Cary

This will give notice 4 direction of the making of a non-immediate Article 4 to remove the permitted development rights for change of use from office to residential. **(Key decision – reference number 5094)**
- 8. Rough Sleepers Local Delivery Plan** Sarah Cary

To enable the provision of sustainable housing and to support the Council's lobbying for additional resources to implement this. **(Key decision – reference number 5166)**

9. **Adoption of the Enfield Climate Action Plan** Sarah Cary

To continue delivering reductions in carbon emissions and meet the Council's target of being carbon neutral by 2030, a Climate Action Plan (CAP) has been prepared. The CAP has been informed by responses received during engagement, including with Councillors, the public and staff. Authority is now being sought from the Cabinet to adopt and implement the CAP. **(Key decision – reference number 5136)**

**SEPTEMBER 2020**

1. **Contract Award: Voluntary and Community Sector Outcome 3 – Supporting People to Improve their Health And Wellbeing and Improving Self-Management** Tony Theodoulou

This will seek approval of the award of the above contract. **(Key decision – reference number 5095)**

2. **Partially Owned Companies Update** Jeremy Chambers

This will provide an update on the partially owned companies. **(Key decision – reference number 5052)**

3. **Trading Companies – State Aid and Teckal Compliance** Jeremy Chambers

This will present a review of compliance with state aid and teckal compliance in relation to the Council's trading companies. **(Key decision – reference number 5122)**

4. **Meridian Water Residential Programme Report** Sarah Cary

This will provide an update on the progress being made to deliver residential led developments across four sites on Meridian Water. **(Key decision – reference number tbc)**

5. **Implementation and Setting Fee Levels for Financial Penalties Under the Housing and Planning Act 2016** Sarah Cary

This will seek approval to the implementation of, and setting the fee level for, financial (civil) penalties as alternatives to prosecutions introduced under Part 2 of the Housing and Planning Act 2016. **(Key decision – reference number 5145)**

6. **Approval of the Housing Enforcement Policy – Regulating Standards in the Private Rented Sector** Sarah Cary

This will seek approval to the enforcement policy for the enforcement of housing legislation in the private rented sector. **(Key decision – reference number 5144)**

**7. 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)**

**OCTOBER 2020**

**1. Article 4 Directions - HMOs** Sarah Cary

This will seek confirmation of Article 4 Directions withdrawing permitted development rights to change the use of dwellings to houses in multiple occupation. **(Key decision – reference number 5143)**

**2. Cultural Strategy** Sarah Cary

This will seek approval of a Cultural Strategy for the Borough. **(Key decision – reference number 5165)**

**3. Resident Permit and Visitor Voucher Tariff Changes in The Borough's Controlled Parking Zones** Sarah Cary

This will set out proposals to consult and implement changes to the resident permit and visitor vouchers tariff. **(Key decision – reference number 5101)**

**NOVEMBER 2020**

**1. Meridian Three – Co-living and Student Accommodation Property Transaction** Sarah Cary

This will seek approval to a property transaction for Meridian Three – Land to be developed as Co-Living and Student Accommodation. **(Key decision – reference number 5104)**

**TO BE ALLOCATED**

**1. Montagu Industrial Estate – Resolution for a Compulsory Purchase Order (CPO)** Sarah Cary

This will seek approval for a resolution to make a CPO for the redevelopment of the Montagu Industrial Estate in order to provide modern, fit for purpose business space. **(Key decision – reference number 5121)**

2. **Economic Development Strategy 2020-30** Sarah Cary

This will seek approval of Enfield's Economic Development Strategy 2020-30. **(Key decision – reference number 5088)**

3. **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)**



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank