



LONDON BOROUGH OF ENFIELD

**AGENDA FOR THE COUNCIL MEETING
TO BE HELD ON WEDNESDAY, 22ND
SEPTEMBER, 2021 AT 7.00 PM**

**THE WORSHIPFUL THE MAYOR
AND COUNCILLORS OF THE
LONDON BOROUGH OF ENFIELD**

Please Reply to: Clare Bryant,
clare.bryant@enfield.gov.uk

Date: 20 September 2021

Dear Councillor,

You are summoned to attend the meeting of the Council of the London Borough of Enfield to be held at the Civic Centre, Silver Street, Enfield on Wednesday, 22nd September, 2021 at 7.00 pm for the purpose of transacting the business set out below.

Yours sincerely

Jeremy Chambers

Director Law & Governance

1. **THE MAYOR'S CHAPLAIN TO GIVE A BLESSING**
2. **MAYOR'S ANNOUNCEMENTS IN CONNECTION WITH THE ORDINARY BUSINESS OF THE COUNCIL**
3. **APOLOGIES**
4. **MINUTES OF THE PREVIOUS MEETING** (Pages 1 - 8)

To receive and agree the minutes of the meeting held on 14 July 2021.

5. **DECLARATION OF INTERESTS**

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

6. **OPPOSITION BUSINESS - STREET SCENE AND GENERAL ENVIRONMENT** (Pages 9 - 16)

45 minutes

An issues paper prepared by the Opposition Group is attached for information.

7. SCRUTINY ANNUAL WORK PROGRAMMES 2021/22 (Pages 17 - 34)

To agree the Scrutiny Annual Work Programmes 2021/22

8. TREASURY MANAGEMENT OUTTURN REPORT 2020/21 (Pages 35 - 52)

To receive a report from the Executive Director of Resources presenting the Council's Annual Treasury Management Report for 2020/21 in accordance with Treasury Management Practices.

It is a regulatory requirement for Council to receive this report by 30 September each year.

9. CAPITAL STRATEGY 2022/23 (Pages 53 - 80)

To receive a report from the Executive Director of Resources on the Capital Strategy 2022/23.

10. COUNCILLOR CONDUCT COMMITTEE ANNUAL REPORT (Pages 81 - 88)

To receive the report of the Executive Director of Law and Governance on the Councillor Conduct Committee Annual Report.

11. COUNCILLOR QUESTION TIME

Members are asked to note the questions submitted for written response. Responses to the questions will be published the day before the meeting

12. MOTIONS (Pages 89 - 94)

Members are asked to agree the motions which will be circulated as to follow papers.

13. COMMITTEE MEMBERSHIPS

To confirm changes to Committee memberships agreed since the last meeting.

Any changes received once the agenda has been published will be tabled on the Council update sheet at the meeting.

14. NOMINATIONS TO OUTSIDE BODIES

To confirm any changes to the nominations on outside bodies agreed since the last meeting.

Any changes notified after the agenda has been published will be reported to Council on the update sheet tabled at the meeting.

15. DATE OF THE NEXT MEETING

To note the date agreed for the next Council meeting:

- 17 November 2021

COUNCIL - 14.7.2021

**MINUTES OF THE MEETING OF THE COUNCIL
HELD ON WEDNESDAY, 14 JULY 2021**

COUNCILLORS**PRESENT**

Sabri Ozaydin (Mayor), Christine Hamilton (Deputy Mayor), Mahmut Aksanoglu, Maria Alexandrou, Daniel Anderson, Kate Anolue, Chinelo Anyanwu, Tolga Aramaz, Guner Aydin, Ian Barnes, Mahym Bedekova, Sinan Boztas, Yasemin Brett, Anne Brown, Alev Cazimoglu, Nesil Caliskan, Mustafa Cetinkaya, Lee David-Sanders, Birsen Demirel, Chris Dey, Guney Dogan, Ergin Erbil, Susan Erbil, Achilleas Georgiou, Alessandro Georgiou, Charith Gunawardena, Ayten Guzel, Elaine Hayward, Rick Jewell, Joanne Laban, Dino Lemonides, Tim Leaver, Derek Levy, Mary Maguire, Andy Milne, Terence Neville OBE JP, Lindsay Rawlings, Michael Rye OBE, George Savva MBE, Edward Smith, Jim Steven, Claire Stewart, Andrew Thorp, Mahtab Uddin, Glynis Vince, Ayfer Orhan and Hass Yusuf

ABSENT

Huseyin Akpinar, Dinah Barry, Katherine Chibah, Clare De Silva, Elif Erbil, Ergun Eren, Margaret Greer, Ahmet Hasan, James Hockney, Stephanos Ioannou, Saray Karakus, Nneka Keazor, Gina Needs, , Ahmet Oykenner and Doug Taylor

1**THE MAYOR'S CHAPLAIN TO GIVE A BLESSING**

Rev. Matthew Harbage provided a blessing to the Council.

2**MAYOR'S ANNOUNCEMENTS IN CONNECTION WITH THE ORDINARY BUSINESS OF THE COUNCIL**

The Mayor welcomed everyone to the meeting. The Mayor congratulated the England Team for making it to the Euro2020 finals and strongly condemned the racism that players suffered after the match.

The Mayor asked members and residents to continue being cautious about Covid-19.

The Mayor spoke of the events he had attended in the borough and looked forward to a summer of rest.

3**APOLOGIES**

Apologies for absence were received from Councillors Huseyin, Barry, Chibah, David-Sanders, De Silva, Eren, Elif Erbil, Greer, Hasan, Hockney, Ioannou, Karakus, Keazor, Needs and Taylor.

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DECLARATION OF INTERESTS

Councillors Aksanoglu, Laban and Dey all declared non-pecuniary interests relating to the motion on cladding.

5

MINUTES OF PREVIOUS MEETINGS

The minutes were agreed subject to the corrections set out in the Update Sheet, the correction of the spelling of Councillor Thorp's name and the inclusion of the newly elected members attendance.

6

GENERAL PURPOSES COMMITTEE ANNUAL REPORT

Councillor Bedekova moved, and Councillor Leaver seconded the General Purposes Annual Report.

NOTED:

1. During her opening Statement Councillor Bedekova spoke of the wide range of topics considered by the Committee throughout the year. It was noted that the Statement of Accounts 19/20 publishing date had been postponed to September due to the Covid-19 pandemic. Officers were thanked for their support and contributions to the work of the Committee.
2. The comments of the majority groups included:
 - The report is a record of all the work conducted by the General Purposes Committee.
 - The external auditors (BDO) did not complete their work on time and have not fulfilled their duty so that is the reason the accounts were delayed. Enfield Council supplied additional resources to ensure the work was complete.
 - The timeline set up by the Government for the financial accounts was unachievable from the beginning.
 - Officers were thanked for managing the Council's finances during a difficult year.
 - Everyone raised concerns on the various topics covered and the report reflects that.
 - The Annual report was agreed by the General Purposes Committee with a majority vote.
3. The comments of the majority opposition included:
 - That the report does not reflect correctly the views or the frustrations of the opposition members on the Committee.
 - Concerns were raised about the lack of audit trail and the oversight of the procurement for Meridian Water.
 - Opposition members of the General Purposes Committee felt a lack of confidence in the administration and the Council's finance department.

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- It was felt the administration were not good at managing the affairs of the borough properly.
 - The report lays clear of issues of the Council with departments receiving “no assurance”.
 - It was accepted that the Council had provided additional resources and the auditor had not done their job. The issue was that this would be the fourth day that the finances had not been published on time.
 - The report should highlight better the failings of the Council in order to improve it.
 - The lateness of the statement of accounts and BDO should be punished.
4. The comments of the minority opposition included:
- The annual report does not accurately reflect the issues put before the General Purposes Committee.
 - Representations were made to the external auditors outside of the Committee and no response was received.
 - Councillor Lemonides requested his name be removed from the report.
 - Felt the report shows a lack of integrity.
 - Would like to have the opportunity to meet with auditors privately.

Following the discussion eleven members of the Conservative Group stood indicating the requirement for a roll call vote on the recommendations.

The General Purposes Committee Annual Report was AGREED.

FOR: 27

Councillor Mahmut Aksanoglu
Councillor Chinelo Anyanwu
Councillor Kate Anolue
Councillor Tolga Aramaz
Councillor Guner Aydin
Councillor Ian Barnes
Councillor Mahym Bedekova
Councillor Sinan Boztas
Councillor Yasemin Brett
Councillor Nesil Caliskan
Councillor Alev Cazimoglu
Councillor Mustafa Cetinkaya
Councillor Birsen Demirel
Councillor Guney Dogan
Councillor Susan Erbil
Councillor Erbil Ergin
Councillor Achilleas Georgiou
Councillor Ayten Guzel
Councillor Christine Hamilton
Councillor Rick Jewell
Councillor Tim Leaver
Councillor Mary Maguire

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Councillor Sabri Ozaydin
Councillor George Savva
Councillor Claire Stewart
Councillor Mahtab Uddin
Councillor Hass Yusuf

AGAINST:21

Councillor Maria Alexandrou
Councillor Daniel Anderson
Councillor Anne Brown
Councillor Chris Dey
Councillor Peter Fallart
Councillor Alessandro Georgiou
Councillor Charith Gunawardena
Councillor Elaine Hayward
Councillor Joanne Laban
Councillor Dino Lemonides
Councillor Derek Levy
Councillor Andy Milne
Councillor Terry Neville
Councillor Ayfer Orhan
Councillor Lindsay Rawlings
Councillor Michael Rye
Councillor Edward Smith
Councillor Jim Stevens
Councillor Andrew Thorp
Councillor Glynis Vince

ABSTAIN: 0

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COUNCILLOR QUESTIONS

Members noted the written submissions to Councillor Questions.

The Constitution allows for each member present to ask one supplementary question, in line with this supplementary questions were asked. Jeremy Chambers, Monitoring Officer, confirmed councillors cannot ask a question on behalf of councillors who are absent.

1. Councillor Savva answered a question on what the selective licensing scheme for the Private Sector means for the borough. The scheme ensures every resident has a better quality of life. The scheme will come into force on the 1st September 2021.
2. Councillor Caliskan was asked whether the changes to her Cabinet were due to a problem with street scene in the borough. The Cabinet is altered annually and it is for the Leader to decide what the portfolios are.
3. Councillor Caliskan answered a question on how many of the 3,500 home development programme will be affordable. 2,970 of the homes

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- will be affordable rent or shared ownership as it is important that the homes built are affordable to residents.
4. Councillor Caliskan was asked whether following the Mayor of London's response during recent Mayor's Question Time meetings, will Enfield back the designation of the Green Belt. Councillor Caliskan encouraged Councillor Laban to watch the full clip of the meeting being referenced and maintained the commitment to affordable homes in the green belt.
 5. Councillor Dogan answered a question regarding the price increase for cemeteries and whether this was to increase revenue. Councillor Dogan will be focusing on his new portfolio within the Cabinet and will ensure this is focused on in the coming months.
 6. Councillor Caliskan answered a question on protecting the green belt as the Mayor of London does not want to desecrate the green belt. Residents do not want to live in sub-standard accommodation and there is a need to ensure there is an adequate supply of housing. Seven percent of the green belt is being proposed to be built in around transport hubs.
 7. Councillor Maguire responded to a question on addressing the issues with the external auditors. The public sector is appointed their auditor. BDO complete 5% of all boroughs audits and Enfield remain in contract with them until 2022/23. There is limited action Enfield can take against BDO not meeting the Council's capacity to complete the audit. Procurement is already being worked on to change auditors at the end of the contract.
 8. Councillor Caliskan was asked about the language used for the draft Local Plan survey. The questions were drafted by the Leader with advice from senior officers. It was important that questions were not "dumbed down" for residents.

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MOTIONS

Councillor Chinelo Anyanwu moved and Councillor Caliskan seconded the following urgent motion:

"The Council would like to congratulate the England national football team on reaching the Euro 2020 final. Unfortunately, this massive achievement has been overshadowed by England players being subjected to racial abuse.

This Council condemns this behaviour witnessed following the England game. This racism on social media and in real life, as demonstrated by the defacing of the Marcus Rashford mural, should never be tolerated in society and Enfield Council will continue to fight racism by all means necessary.

We call on the government to take further definitive action against racism and we call on the appropriate authorities to ban racists for life from all football matches in England and across the UK."

Following the debate on this motion, it was approved unanimously.

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Councillor Mary Maguire moved and Councillor Nesil Caliskan seconded the following motion:

The rise of Adult Gaming Centres, such as the one in Palmers Green, is a blot on our communities; endangers our children's safety; causes untold hardship to families caught up in gambling addictions; and is a cause of crime and disorder on our streets.

It is outrageous that councils up and down the country are unable to prevent these establishments opening up. The law, as it stands, is loaded in favour of gambling businesses and is designed to "permit gambling" rather than permit the will of the people to prevail. Enfield council's hands have been tied by the current legislation that is not fit for purpose.

Enfield Council acknowledges that the only solution is for a change in the law so that local councils can determine whether or not such establishments have a place, if any, in their communities. Enfield council agrees to write in the strongest possible terms to Government ministers demanding such a change in the law and further agrees to work with MPs, other politicians and community groups to achieve that change. Until such time as the law is changed, the council will, of course, continue to operate within the confines of current licensing legislation."

Following the debate on this motion, it was approved unanimously.

Motions 1, 2, 3, 4, 5, 6, 8, 9, 10, and 11 lapsed under the guillotine arrangement

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UPDATE ON COMMITTEE MEMBERSHIP

The below updates to the Council's Committee memberships were agreed and noted:

- Crime Scrutiny Panel: One Labour Vacancy
- Children and Young People Scrutiny Panel: Cllr Orhan appointed to replace Cllr Barry
- Equalities Board: a) One Labour Vacancy.
b) Councillor Orhan appointed to replace Cllr Lemonides
- General Purposes Committee: Cllr Edward Smith appointed to replace Cllr Yasemin Brett
- Planning Committee: Cllr Peter Fallart appointed to replace Cllr Elif Erbil
- Environment Forum: Cllr Anne Brown appointed to replace Cllr Saray Karakus.
- Environment and Climate Action Scrutiny Panel:
a) Cllr Ayten Guzel to be appointed as Vice Chair.
b) Cllr Charith Gunawardena appointed.

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- Finance and Performance Scrutiny: Cllr Ayten Guzel appointed to replace Cllr Christine Hamilton

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DATE OF NEXT MEETING

The next scheduled Council meeting is 22 September 2021.

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Opposition Priority Business
Street scene and general environment

Executive Summary

- The Opposition is concerned about the current state of Enfield's street scene and parks.
- Fly-tipping has visibly risen making our streets look dirty.
- Litter bins are now frequently overflowing in our town centres.
- Grass verges were left to overgrow as were trees and park areas.
- Overall, our borough's environment has deteriorated.

Recommendations

- Expand the use of cameras at known fly-tip hotspots. There are many locations that have been fly-tip hotspots for years yet do not have cameras.
- Name and shame those fly-tippers who are caught.
- Increase the litter bin capacity in our town centres and high streets.
- Utilise the council's enforcement powers against private estate management companies to keep their estates clean and tidy.
- Work with our tenants and leaseholders on how to dispose of large items.
- Re-evaluate the size of wheeled bins because people are creating more household waste due to working from home.
- Remove the appointment system at Barrowell Green Household Waste and Recycling Centre [the tip].
- A one team approach to tackling the street scene including fly-tip teams, enforcement, housing estate staff, environmental health and waste collection services.

Fly-tipping

- Fly-tipping has increased across the borough.
- Dumped items are regularly left on our streets and parks making areas less attractive to live, work and visit.
- When action is not taken on fly-tipping in certain spots it only increases the amount left.
- Reports of fly-tipping in Enfield have risen every year for the last four years. In 2016/17, there were 1,226 reports made, while in 2020/21, there were 8,719 – a rise of more than 600%. On average last year, it means fly-tipping reports were being made almost every single hour.
- The cost of dealing with fly-tipping incidents has also risen significantly. In 2016/17 the council spent £694,000 clearing up dumped waste, but in 2020/21 this rose to £1.25million.

Opposition Priority Business
Street scene and general environment

September 2021

- The Opposition is pleased that the Administration has finally listened and axed the cost of bulky waste collection. However, we do not know how long this will remain.
- Enfield's Household Waste and Recycling Centre is still operating an appointment system despite all restrictions being lifted. The appointment system makes it even more inconvenient to dispose of items due to the need to book a slot.



Opposition Priority Business
Street scene and general environment

September 2021



Opposition Priority Business
Street scene and general environment

September 2021

Enfield Council Estates

- The bin areas on our estates are constantly overflowing.
- In addition, Councillors regularly carryout Members Enquiries about the items dumped by the large container bins.
- The bin provision clearly needs to expand but it seems that this has not occurred on many of our estates.

There does not seem to be any strategy to deal with large items such as furniture being left by the large container bins. These items build up and build up making the estates look unclean and untidy.

**Enforcement of private estates**

- Private estates experience many of the same problems as council stock.
- People dump rubbish and other items in the communal refuse and recycling areas.
- When making enquiries about how we can intervene councillors often receive a response that it is private land so not our problem despite, in many cases, Enfield Council providing the waste collection. However, there never seems to be a linkup between the waste collection teams [that see fly-tipping, sacks dumped on the floor, lack of capacity and rats] and enforcement.

Opposition Priority Business September 2021
Street scene and general environment

- The Administration seems to have forgotten its role in terms of Environmental Health as these situations often become places rats and other vermin visit and nest.
- Robust enforcement against management companies must be improved if we are going to reduce the amount of dumped rubbish and fly-tipping incidents.



Litter bins

- Since fortnightly collections started there has been a visible increase in black sacks or other rubbish bags being left or stuffed in litter bins.
- The problem is that if black sacks are dumped too often around a certain bin it becomes a regular hotspot. People add to the number of black sacks originally dumped and larger items start being left as well
- Litter bins are also overflowing in our town centres making a less attractive place to visit. The bins are simply not emptied enough with the amount of rubbish being left.
- It seems that the Administration has failed to take into account that residents have been advised to eat outside in pubs and restaurants, yet the bin capacity has not changed to reflect an increase in waste in our town centres.



Opposition Priority Business
Street scene and general environment

September 2021



Overgrowing verges and trees

- The grass verges were left to overgrow this year.
- The result was our streets looked unkept and it did not give a good impression of the borough.
- The edges of parks have been allowed to overgrow through the railings encroaching onto the pavement, in many cases obscuring road signs.
- Trees and hedges also overgrew making it difficult for people to walk without pushing tree branches out the way. The overgrown trees and hedges created unnecessary obstructions (especially dangerous to the elderly, wheelchair users and those that are partially sighted or blind.).
- The grounds of St Andrew's Church, Enfield Town were left to overgrow. Enfield Council is responsible of its upkeep. The issue with this is that the grounds are part of a gateway to the town centre. The fact that it looked a mess clearly did not give a good impression of our main shopping area.
- The Opposition is aware there were problems when the contract for this service was brought in house. However, it was down to the Administration to organise a smooth transition so that delays in the service did not occur.

Opposition Priority Business
Street scene and general environment

September 2021



Conclusion

- In conclusion, to date there does not seem to be an action plan in place to resolve the problems with the street scene in the long term. Fly-tipping is continuing to blight our streets and is currently only increasing.
- The Administration's failure to deliver a smooth transition when the highways and grounds maintenance service was brought in-house has caused our streets to become an overgrown mess.

Opposition Priority Business September 2021
Street scene and general environment

- There has been no review into the size of wheeled bins and bags given the increase in household waste due to homeworking and online shopping or the frequency of collections.
- The Administration has neglected the street scene for the majority of this term and the results can be seen in the images included in this paper. It is now having to fire fight given the state of the landscape which doesn't resolve anything and is the expensive option.
- Residents want action to be taken as they quite rightly want their streets clean, green and tidy. The Opposition hopes that the recommendations are agreed and that a long-term strategy is created to deliver real improvements in our street scene.

London Borough of Enfield

**Cabinet 15th September
Council 22nd September**

Subject: Scrutiny Annual Work programmes 2021/22

**Cabinet Member: Councillor Barnes
Director: Jeremy Chambers**

Key Decision: N/A

Purpose of Report

1. This report and Appendices set out the draft work programmes for OSC and the standing panels for 2021/22.

Proposal(s)

2. Council is asked to approve the annual scrutiny work programmes for 2021/22 for the Overview & Scrutiny Committee and Standing Panels.

Reason for Proposal(s)

3. The Council's Constitution requires that the scrutiny work programmes are adopted by Council on the recommendation of the Overview & Scrutiny Committee, following consultation with the Cabinet and the Executive Management Team (EMT).

Relevance to the Council Plan

4. Scrutiny panels are focussed and are aligned to areas where they can add most value to the council's priorities.

Background

5. The Overview and Scrutiny Committee and Panels set out their own work programmes for the year, taking into consideration wider consultation with Cabinet and EMT.
6. A revised committee structure was approved at Council on the 1st July 2020, as part of this report, changes were proposed to make scrutiny more effective, and the following Panels were agreed:

The seven scrutiny Panels are:

- (i) Crime;

- (ii) Health & Adult Social Care;
 - (iii) Children, Young People & Education;
 - (iv) Regeneration & economic Development;
 - (v) Finance & Performance;
 - (vi) Environment & Climate Action; and
 - (vii) Housing
7. Membership of the Overview and Scrutiny Committee and the Scrutiny Panels were approved at Annual Council, including Chair and Vice Chair nominations.
 8. Each of the Panels held a work planning meeting with the Cabinet member and Executive Director invited to attend and present their priorities.
 9. A training session for Scrutiny Chairs was led by the Deputy Chief Executive of the Centre for Public Scrutiny on the 6th July 2021. This session focussed on planning and developing effective scrutiny work programmes.
 10. Co-ordinating the Panels work programmes and ensuring there is no duplication across the panels is part of the function of OSC, the work programmes were discussed at OSC on the 20th July.
 11. At this meeting the Chair of OSC reminded all Panel Chairs that clear terms of reference/key lines of enquiry for each work programme item should be provided to officers to ensure that both the committee members and officers are clear on the information that the committee is requesting.
 12. There are a couple of areas that the panels are looking at the same topic such as Covid-19 and fly tipping, but as the panels are looking at different aspects these areas, OSC felt that there isn't any duplication.
 13. OSC and the Scrutiny Panels are scheduled to meet a minimum of 4 times per year, however, some Panels have already requested approval from the monitoring officer for an additional meeting. OSC will meet more often to deal with call-ins and pre-decision Scrutiny.
 14. Both Cabinet and EMT noted the work programmes.

Main Considerations for the Council

15. Members are asked to approve the Overview & Scrutiny and Panel work programmes.

Safeguarding Implications

16. None identified.

Public Health Implications

17. There are no direct public health implications linked to this report, but rather what happens as a result of scrutiny

Equalities Impact of the Proposal

18. Equalities impact assessments relating to recommendations that scrutiny may make will be assessed through the scrutiny process.

Environmental and Climate Change Considerations

19. None identified.

Risks that may arise if the proposed decision and related work is not taken

20. To comply with the requirements of the Council's Constitution, the work programme must be formally adopted by Council. Scrutiny is essential to good governance and enables the voice and concerns of residents and communities to be heard and provides positive challenge and accountability.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

21. There are no risks associated with this report.

Financial Implications

22. Any cost implications of recommendations made from scrutiny must be contained within budgeted resources.

Legal Implications

23. The recommendations within this report for adoption of the annual Scrutiny Workstream Programme are lawful and will help support the Council in meeting its statutory obligations for effective overview and scrutiny.
24. The Council has statutory duties within an existing legal framework to make arrangements for the scrutiny of its decisions and service delivery, including the areas of crime and health, which are covered within these recommendations.
25. The setting of the annual scrutiny work programme is a matter for the Council, following consultation with EMT, members and key stakeholders within an agreed protocol. These requirements are set out in the Council's Constitution.

Workforce Implications

26. None identified.

Property Implications

27. None identified

Other Implications

28. None identified

Options Considered

29. The Overview & Scrutiny Committee is required, under the Council's Constitution, to present an annual scrutiny work programme to Council for adoption

Conclusions

30. Council is asked to approve the work programmes for OSC and the standing panels.

Report Author: Claire Johnson
Head of Governance, Scrutiny & Registration Services,
Claire.Johnson@enfield.gov.uk
020 8 132 1154

Date of report September 2021

Appendices

A – Draft OSC work programme

Background Papers

None

OVERVIEW AND SCRUTINY WORK PROGRAMME 2021-22

ITEM	Weds 2 June 2021 Planning session	Tues 20 July 2021	Weds 8 Sept 2021	Thurs 4 Nov 2021	Thurs 16 Dec 2021 (Budget meeting)	Thurs 10 Feb 2022	Thurs 31 March 2022
Work Programme							
Setting the Overview & Scrutiny Annual Work Programme 2021/22		Agree OSC Work Programme for 2021/22					
Specific items							
Council Priorities 2021/22	Verbal presentation						
Budget Consultation 2022/23					Report and presentation		
Local Plan		Report					
Poverty & Inequality Commission update				Report			
Flytipping			Report				
Build the change update			Report				

Consultations				Report			
Town Centres						Report	
Covid 19 (lessons learned)						Report	
White Paper on Planning							
Standing Items							
Updates from Scrutiny Panel Chairs				Verbal Update		Report	Report
Draft Work Programmes from Scrutiny Panels		Update					
Monitoring/ update							
Complaints, MEQs and FOIs							Report

Note:

Provisional call-in dates: 14th September, 28th October, 25 November, 12 January, 1st February, 2nd and 24th March, 27th April. These dates may also be used for pre-decision scrutiny as necessary. Any call-ins received will take precedence at this meeting.

FINANCE & PERFORMANCE SCRUTINY PANEL WORK PROGRAMME 2021/22

ITEM	Weds 23 June 2020 work planning	Tues 14 September 2021	Weds 15 December 2021	Wed 5 th or Thurs 6 th January 2022	Thurs 10 March 2022
Annual Items					
Setting the Panel's Work Programme 2021/22	Agree work programme				
Budget 2022/23 and Medium-Term Financial Plan 2022/23 to 2025/26		To consider draft proposals and report onto Overview and Scrutiny Committee			
Specific Items					
Local Priorities for 2021/22	Verbal presentation				
Focus on Council company's business plan; HGL; Montagu and Energetik			Report		
MTFP overview including focus on Covid19 impact and review of our risks and overall financial resilience. To include Council debt recovery and our approach to recover and monitoring of Council Tax and Business Rate income and performance levels.		Report			
Update on commercial and property and income generation		Report			

Review of impact of Covid 19 in 2021-2022			Report		
Budget update to include departmental restructures and the ramifications to the Council.				Report	
Public Interest Report				Report	
Focus on performance - customer experience - measuring the impact of the website; performance in customer.					Report
Fair Funding presentation on impact for Enfield		Report			
CIPFA FM Assessment outcome			Report		
Cost of agency staff to the Council during Covid and beyond				Report	
Focus on financial governance arrangements					Report
Monitoring/Updates					
Quarterly Monitoring Reports: <ul style="list-style-type: none"> • Revenue • Capital • Performance 		Review		Review	Review

HOUSING SCRUTINY PANEL WORK PROGRAMME 2021-22

ITEM	Tues 6 July 2021- Planning Session	Thurs 30 September 2021	Tues 7 December 2021	Thurs 17 March 2022
Annual Items				
Setting the Panel's Work Programme 2021/22	Agree work programme 2021/22			
Specific items:				
Local Priorities 2021-22	Verbal presentation			
Building Safety- including cladding compliance with Building Safety Bill		Report		
Temporary accommodation levels and strategy to reduce		Report		
Retention of Staff in Housing Department		Report		
Enfield Repairs Direct- overview on delivery and recent changes			Report	
Estate Management			Report	
New Partner arrangements with Registered providers				Report
Housing Gateway and budget underspends				Report

HEALTH AND ADULT SOCIAL CARE SCRUTINY PANEL WORK PROGRAMME 2021-22

ITEM	Tues 8 June 2021- Planning Session	Weds 28 July	Thurs 16 September 2021	Potential provisional date in November for matters arising from July and September	Thurs 20 January 2022	Weds 23 March 2022
Annual Items						
Setting the Panel's Work Programme 2021/22	Agree work programme					
Specific items						
Local Priorities 2021-22	Verbal presentation					
Transition to Integrated Care Systems (ICS)		Report				
Safeguarding Adults Annual report including safeguarding alerts, use of DoLS		Report				
Reconfiguration of the NHS & the impact on local services				Report		
NCL mental health services and community services reviews			Report			
Mental Health					Report	
Recovering access to services post Covid					Report	

ITEM	Tues 8 June 2021- Planning Session	Weds 28 July	Thurs 16 September 2021	Potential provisional date in November for matters arising from July and September	Thurs 20 January 2022	Weds 23 March 2022
Rollout of the vaccination programme						Report
Introduction of Social Care Inspections- what is the council doing to become inspection ready						Report

CRIME SCRUTINY PANEL WORK PROGRAMME 2021-22

ITEM	Thurs 10 June Planning session	Thurs 23 September	Tues 25 January	Tue 15 Mar
Annual Items				
Setting the Panel's Work Programme 2021/22	Agree work programme			
Standing Items				
SSCB Performance Management – provide a monitoring overview on performance of SSCB		Monitoring Update	Monitoring Update	Monitoring Update
Specific items:				
Local priorities for 2021/22	Verbal presentation			
Street Lighting (perception versus crime)		Report		
Hate Crime		Report		
Serious Youth Violence			Report	
Low Traffic Neighbourhoods (From a crime point of view)			Report	
Prostitution (update on Operation Boxster)				Report
Domestic Abuse				Report
E Scooters				Report

REGENERATION AND ECONOMIC DEVELOPMENT SCRUTINY PANEL WORK PROGRAMME 2021-22

ITEM	Thurs 24 June Planning session	Thurs 9 September	Tues 30 November	Weds 2 February
Annual Items				
Setting the Panel's Work Programme 2021/22	Agree work programme			
Specific items:				
Local Priorities 2021/22	Verbal presentation			
Annual review of housing development pipeline		Report		
Business Support: Covid and post Covid		Report		
Meridian Water Masterplan			Proposed OSC look at this	
Local Plan incorporating a report on town centres				Report
Planning Improvement Plan			Report	
National Planning reform and draft Local Plan				Report
Housing Infrastructure Fund work programme review				Report
Meridian Four				
Progress Report against key				

milestones- Meridian Water and Housing Infrastructure Fund				
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CHILDREN EDUCATION AND YOUNG PEOPLE SCRUTINY PANEL WORK PROGRAMME 2021-22

ITEM	Thurs 8 July 2021 work planning	Thurs 7 th October 2021	Tues 14th December 2021	Wed 5 th January 2022 Additional meeting	Tues 8th March 2022
Annual Items					
Setting the Panel's Work Programme 2021/22	Agree work programme				
Annual Safeguarding Report		To consider Annual Safeguarding report			
Specific Items					
Local Priorities for 2021/22	Verbal presentation				
Exclusions update				Report	
Pupil place planning				Report	
Mental health support in schools			Report		
Holiday activities and food programme		Report			
Early help services – reviewing effectiveness					Report
Safeguarding children – self-evaluation				Report	
Protecting young people from exploitation and family breakdown			Report		
Leaving care service review					Report

Service user feedback and how this will be used to improve services					Report
Education Recovery programme			Report		
Increasing in-borough SEND provision		Report			
SEN services - reviewing effectiveness		Report			
Improvement support to schools				Report	

ENVIRONMENT AND CLIMATE ACTION SCRUTINY WORK PROGRAMME 2021-22

ITEM	13 July 2021 Planning session	12 October 2021	9 December 2021	January 2021 (date tbc)	8 February 2021
Annual Items					
Setting the Panel's Work Programme 2021/22	Agree work programme				
Specific items:					
Meridian Water Environment Strategy		Report			
Review of the wetland and proposed actions (review of the wetland and tree planting work)		Report			
School Streets Progress and Quieter Neighbourhoods update			Report		
Update on the highway's capital programme and how effective the programme has been			Report		
Recycling Performance and Fly-tipping issues – Proposed actions and pilots - how we have progress?					Report
The Green and Blue Infrastructure Strategy – Update on the activity to support					Report
Air Quality Data Workshop				Report	
Review of Council Owned Buildings				Report	

Energy Consumption					
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London Borough of Enfield

COUNCIL

Meeting Date: 22 September 2021

Subject: ANNUAL TREASURY MANAGEMENT OUTTURN REPORT 2020/21

Cabinet Member: Cllr Maguire

Executive Director: Fay Hammond

Key Decision: 5328

Purpose of Report

- To report the activities of the Council's Treasury Management function during the 2020/21 financial year. The key points of the report are highlighted below:

		section
Borrowing Outstanding at 31st March 2021	£930.1m – a reduction of £58.9m from 31 st March 2020. No PWLB borrowing was raised for this financial year 2020/21. Project specific borrowing was raised from MEEF (£15m), HNIP (£21.6m) and SALIX (£2.9m)	21 - 29
Capital Financing Requirement (CFR) at 31 March 2021	The borrowing CFR (this represents the underlying need to borrow) stood at £1,165.7m, an increase of £56.7m since 31 st March 2020. HRA CFR increased by £13.5m and General Fund by £43.2m over the year.	30 - 33
Average interest on total debt outstanding and Interest paid on external borrowing	The average interest rate reduced to 2.64% over the year. This was due to some high coupon loans maturing during the year and very low coupon project loans raised. The gross cost of borrowing for the year was £25.4m up by £1.5m.	27 & 38
Investments & Net Borrowing	Interest earned on investments was £0.147m. Investments stood at £35.6m as at 31 March 2021. Net Borrowing increased slightly by £0.9m to £893.9m.	38 & 46
Debt Re-scheduling	None undertaken.	55 - 56
Compliance with Treasury Management & Prudential Indicators	No breaches.	57 - 68

Minimum Revenue Provision (MRP)	MRP chargeable to the General Fund (GF) for 2020/21 is £14.5m, against a revised budget of £13.8m. The key factor driving the increase was £3.2m of REFCUS (Revenue Expenditure Funded by Capital Under Statute) charged to revenue.	69 - 70
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Proposal

2. Council is recommended to note and approve the 2020/21 Treasury Management Outturn report.

Reason for Proposals

3. The Local Government Act 2003 and the Local Authorities (Capital Financing and Accounting) Regulations 2003 require that regular reports be submitted to the relevant Council Committee detailing the Council's treasury management activities.
4. This report updates members on both the borrowing and investment decisions made by the Executive Director, Resources under delegated authority in the context of prevailing economic conditions and considers the Council's Treasury Management performance.
5. The regular reporting of treasury management activities assists Members to scrutinise officer decisions and monitor progress on the implementation of its borrowing and investment strategy as approved by Full Council.

Relevance to the Council's Corporate Plan

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

Background

9. The Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve treasury management half yearly and annual reports.
10. The Council's Treasury Management Strategy for 2020/21 was approved at the Council meeting on the 26th February 2020. The Council has invested and overall borrowed substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates.

Economic Background

11. The Bank of England (BoE) held Bank Rate at 0.1% throughout the year but extended its Quantitative Easing programme by £150 billion to £895

billion at its November 2020 meeting. In its March 2021 interest rate announcement, the BoE noted that while GDP would remain low in the near-term due to COVID-19 lockdown restrictions, the easing of these measures means growth is expected to recover strongly later in the year.

12. Inflation is forecast to increase in the near-term and while the economic outlook has improved there are downside risks to the forecast, including from unemployment which is still predicted to rise when the furlough scheme is eventually withdrawn.
13. The coronavirus pandemic dominated 2020/21, leading to almost the entire planet being in some form of lockdown during the year. The start of the financial year saw many central banks cutting interest rates as lockdowns caused economic activity to grind to a halt. The Bank of England cut Bank Rate to 0.1% and the UK government provided a range of fiscal stimulus measures, the size of which has not been seen in peacetime.
14. Some good news came in December 2020 as two COVID-19 vaccines were given approval by the UK Medicines and Healthcare products Regulatory Agency (MHRA). The UK vaccine rollout started in earnest; over 31 million people had received their first dose by 31st March.
15. A Brexit trade deal was agreed with only days to spare before the 11pm 31st December 2020 deadline having been agreed with the European Union on Christmas Eve.
16. Government initiatives supported the economy and in the 2021 Budget the Chancellor announced a further extension to the furlough (Coronavirus Job Retention) scheme until September 2021. Access to support grants was also widened, enabling more self-employed people to be eligible for government help. Since March 2020, the government schemes have helped to protect more than 11 million jobs.
17. Despite the furlough scheme, unemployment still rose. Labour market data showed that in the three months to January 2021 the unemployment rate was 5.0%, in contrast to 3.9% recorded for the same period 12 months ago. Wages rose 4.8% for total pay in nominal terms (4.2% for regular pay) and was up 3.9% in real terms (3.4% for regular pay). Unemployment is still expected to increase once the various government job support schemes come to an end.
18. Inflation has remained low over the 12 month period. Latest figures showed the annual headline rate of UK Consumer Price Inflation (CPI) fell to 0.4% year/year in February, below expectations (0.8%) and still well below the Bank of England's 2% target. The ONS' preferred measure of CPIH which includes owner-occupied housing was 0.7% year/year (1.0% expected).
19. **Financial markets** - Monetary and fiscal stimulus helped provide support for equity markets which rose over the period, with the Dow Jones beating its pre-crisis peak on the back of outperformance by a small number of technology stocks.

20. The FTSE indices performed reasonably well during the period April to November, before being buoyed in December by both the vaccine approval and Brexit deal, which helped give a boost to both the more internationally focused FTSE 100 and the more UK-focused FTSE 250, however they remain lower than their pre-pandemic levels.
21. Ultra-low interest rates prevailed throughout most of the period, with yields generally falling between April and December 2020. From early in 2021 the improved economic outlook due to the new various stimulus packages (particularly in the US), together with the approval and successful rollout of vaccines, caused government bonds to sell off sharply on the back of expected higher inflation and increased uncertainty, pushing yields higher more quickly than had been anticipated.
22. The 5-year UK benchmark gilt yield began the financial year at 0.18% before declining to -0.03% at the end of 2020 and then rising strongly to 0.39% by the end of the financial year. Over the same period the 10-year gilt yield fell from 0.31% to 0.19% before rising to 0.84%. The 20-year declined slightly from 0.70% to 0.68% before increasing to 1.36%.

Treasury Management Position

23. The Council started the financial year 2020/21 with the closing position as at 31st March 2020 where the Council had net borrowing of £989m arising from its revenue and capital income and expenditure.
24. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The starting position for financial year 2020/21 is summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31 March 2020 Actual £m
General Fund CFR	882.3
HRA CFR	226.7
Borrowing CFR	1,109.0
External borrowing	989.0
Internal borrowing	120.0
Less: Usable reserves	(215.6)
Less: Working capital	120.2
Net investments	(95.4)

*finance leases, PFI liabilities and transferred debt that form part of the Council's total debt

25. It is worth mentioning that the Council's Borrowing CFR as at 31st March 2020 has been revised from the figures stated in the 2019/20 outturn report or the 2020/21 TMSS report to £1,109m as shown in table 1 above.
26. The Council pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.

27. The treasury management position at 31st March 2021 and the change during the year is shown in Table 2 below. The Council had no short term or long term investments but investments in money market funds categorised as cash equivalent for this financial year.

Table 2: Treasury Management Summary

	31.3.20 Balance £m	Movement £m	31.3.21 Balance £m	31.3.21 Rate %
Long-term borrowing	921.0	9.1	930.1	2.64
Short-term borrowing	68.0	(68.0)	0.0	0.0
Total borrowing	989.0	(58.9)	930.1	2.64
Total investments	(95.4)	59.8	(35.6)	0.13
Net borrowing	893.6	0.9	894.5	

Main Considerations for the Council

2020/21 Borrowing Update

28. The main objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.
29. At 31st March 2021 the Council held £930.1m of loans, a decrease of £58.9m to previous year closing balance and this is due to the Council's funding strategy for its capital programme. Outstanding loans on 31st March 2021 are summarised in Table 3 below and include loans that have been made to the LB Enfield's companies (further summarised in Table 6).

Table 3: Treasury Management Borrowing Summary

Type of Loan	31.3.19 Balance £m	New Borrowing £m	Repaid Borrowing £m	31.3.20 Balance £m	Average Interest %
PWLB	897.3	-	(21.4)	875.9	2.75
European Investment Bank	8.6	-	(0.3)	8.3	2.31
GLA	2.1	-	0	2.1	0.00
HNIP	0.0	21.6	0	21.6	0.18
LEEF	3.4	-	(0.6)	2.7	1.71
Local Authority	76.0	0.0	(76.0)	0.0	0.0
MEEF	0	15.0	0.0	15.0	1.20
SALIX	1.6	2.9	0	4.5	0.00
Total	989.0	39.5	(98.4)	930.1	2.64

30. In keeping with these objectives, new borrowing was kept to a minimum of £39.5m, while £98.4m of existing loans were allowed to mature without replacement. This strategy enabled the Council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.
31. During the reported period the Council raised no new PWLB loans, but project specific loans were raised from MEEF (£15m), HNIP (£21.6m) and SALIX (£2.9m) for capital expenditure.

The Capital Financing Requirement (CFR)

32. The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital expenditure activity of the Council and resources used to pay for the capital spend. It represents the 2020/21 unfinanced capital expenditure, and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.
33. At £930.1m, the Council's borrowing was within the Prudential Indicator for external borrowing, namely, that borrowing should not exceed the original estimated CFR for 2020/21 of £1,329m, which was revised down in November 2020 to £1,238m. The final CFR for 2020/21 was £1,165.7m.
34. As at 31 March 2021, the Council has maintained an under-borrowed position of £235.6m. This meant that the capital borrowing need (the Capital Financing Requirement) was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low and minimising counterparty risk on placing investments also needed to be considered. Table 4 below shows the details around the Council's CFR and external borrowing as at 31 March 2021, split between the General Fund and HRA.

Table 4: Capital Financing Requirement (CFR)

Capital Financing Requirement (CFR)	31 March 2020 £m	31 March 2021 £m
General Fund	882.3	925.5
Housing Revenue Account	226.7	240.2
*Other debt liabilities	37.3	33.9
Total CFR	1,146.3	1,199.6
Less: *Other debt liabilities	37.3	33.9
Borrowing CFR	1,109.0	1,165.7
External Borrowing	989.0	930.1
Under Borrowing	120.0	235.6
Authorised Limit	1,400.0	1,600.0

*Total CFR includes finance leases, PFI liabilities and transferred debt that form part of the Council's total debt

35. As PWLB funding margins have pitched quite substantially, there remains a strong argument for diversifying this source of funding, particularly if lower rate borrowing can be achieved from alternative sources at rates below gilt yields plus 0.80%, for General Fund capital expenditure. The Council will evaluate and pursue these lower cost solutions and opportunities when available.

Forward Borrowing

36. The Council has not undertaken new borrowing in this financial year as projected in the 2020/21 TMSS, due to the high level of cash holdings and the effect of ongoing pandemic restrictions. Officers are monitoring market conditions and reviewing the need to borrow at current low rates if a requirement is identified for either the General Fund or Housing Revenue Account (HRA).
37. Due to the overall financial position and the underlying need to borrow for capital purposes, it is prudent for the Council to lock in affordability by placing some forward borrowing for the amounts it can be relatively certain it will need at a competitive rates in advance of need which eliminates the “cost of carry”, that is, the difference between loan interest cost and the rate of return on cash investments, whilst maintaining some forward flexibility as projects may or may not proceed within the expected timeframes.
38. During 2020/21, the Council did not arrange any forward borrowing loans.

Other Debt Activity

39. After £3.4m repayment of prior years’ Private Finance Initiative/finance leases liabilities, total debt other than borrowing stood at £33.9m for this financial year end.

Cost of Borrowing

40. The average interest rate paid on total external debt in 2020/21 was 2.64% (2.69% in 2019/20). Table 6 shows the Council’s total cost of maintaining its debt portfolio, as well as how the debt cost has been recharged to the HRA and to LBE Companies. The overall cost to the General Fund was £4.6m due to ability of officers obtaining favourable low interest bearing project specific borrowings and not borrowing up to the forecast set for the period.

Table 5: Cost of Borrowing

	2019/20 (£m)	2020/21 (£m)
Public Works Loan Board	22.5	24.3
Local Authority	0.1	0.2
EIB	0.2	0.2
GLA	0.0	0.0
HNIP	0.0	8.4

41.	EEF	0.1	0.1
	MEEF	0.0	0.0
	Total Interest on Long Term Debt	22.9	24.8
	Short term Loans	1.1	0.5
	Commission on loans	(0.1)	0.1
	Total Interest Paid	23.9	25.4
	Interest Income Receipts from:		
	Housing Revenue Account	8.9	8.7
	Capitalised Interest on Meridian Water	7.7	8.4
	HGL	2.8	2.9
	BIL	0.7	0.7
	Energetik	0.5	0.6
	General Fund	3.2	4.6
	Total Cost of Debt	23.9	25.4

duced by £0.2m over this financial year as some the Council's high coupon loans matured during the year although HRA borrowing has increased by some £13.5m over the year this new borrowing and the matured loans had been replaced by low interest loans.

42. Energetik pay a premium on their interest rate to meet the State Aid regulations set by the European Union.

Debt Maturity

43. The Council has 87 loans spread over 50 years with the average maturity being 27 years. The maturity profile allows the Council to spread the risk of high interest rates when debt matures in any one year.
44. Table 6 shows the maturity structure of the Council's debt portfolio as at 31 March 2021:

Table 6: Profile of Maturing Debt

	Loans Outstanding as at 31 March 20 (£m)	Loans Outstanding as at 31 March 21 (£m)
Under 1 year	98.6	25.0
1-5	67.8	70.3
5-10	124.7	134.6
10-15	126.1	130.4
15-25	181.0	188.8
25-30	58.5	70.2
30-40	141.4	132.0
40+	188.8	178.8
Total	988.9	930.1

Treasury Investment Activity

45. Total cash balances over the year varied considerably, predominantly because of the significant peaks and troughs arising from payment profiles of business rate collections, capital expenditure, DWP payments and housing benefit payments.
46. During the year the Council's investment balance ranged between £35 million and £135million due to timing differences between income and expenditure.
47. The investment position at the year end is shown in table 7 below:

Table 7: Treasury Investments

Counterparties	31.3.20 Balance £m	Cumulative Sums Invested £m	Cumulative Sums Repaid £m	31.3.21 Balance £m
Money Market Funds				
Goldman Sachs	8.5	59.2	(67.7)	0
Deutsche	12.0	108.8	(120.8)	0
Aberdeen (Ignis)	14.0	53.7	(67.7)	0
Federated	14.0	83.5	(97.5)	0
CCLA	11.0	29.6	(26.6)	14.0
HSBC Liquidity		13.0	(13.0)	0
Invesco	11.0	55.7	(66.7)	0
Aviva Investors	0.0	45.0	(45.0)	0
Call Accounts				
HSBC	24.9	327.1	(330.4)	21.6
Handelsbanken	0.0	19.0	(19.0)	0.0
	95.4	794.6	(854.4)	35.6

48. The Council generated investment income of £0.147m on cash balances held in call accounts and money market funds during this financial year. On average the Council's cash investment portfolio had a risk weighting equivalent to A+ credit rating.

Investment Benchmarking

49. Both the CIPFA Code and Government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

50. The progression of risk and return metrics are shown in the extracts from Arlingclose' s quarterly investment benchmarking in Table 8 below.

Table 8 – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
31.03.2021	4.76	A+	100%	1	0.02%
31.03.2020	4.25	AA-	100%	1	0.30%
Similar LAs	4.96	A+	69%	33	0.76%
All Las	4.53	A+	77%	14	0.90%

Non-Treasury Investments

51. The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return.
52. This is replicated in the Investment Guidance issued by Ministry of Housing, Communities and Local Government's (MHCLG) and Welsh Government, in which the definition of investments is further broadened to also include all such assets held partially for financial return.
53. The Council held £134.1m of such investments. A list of the Council's non-treasury investments is shown in below table 9:

Table 9: Non-Treasury Investments

Loans made to LBE Companies	31.3.20 Balance £m	New Borrowing £m	Repaid Borrowing £m	31.3.21 Nominal Balance £m	2020/21 Accounting Impairment £m	31.3.21 Accounting Balance £m
HGL	118.4	3.7	(1.2)	120.9	0.0	120.9
Energetik	11.5	1.7	(0.2)	12.9	4.8	8.1
EIL	3.7	0	(3.5)	0.2	0.2	0.0
Total	133.6	5.4	(4.9)	134.1	5.0	129.1

IFRS 9

54. It is worth noting that £5m of accounting impairment charges were applied to these investments as at 31 March 2021; £4.8m impairment charges to Energetic loans and £0.2m to EIL.
55. The Council injected £5m share capital into Energetik during the reporting financial year and the fair value of this investments as at 31st March 2021 is £4.797m. The Council also invested £5m, share capital with HGL and the fair value of this investment as at 31st March 2021 was £4.906m.

Net Gross Debt

56. The Council's net gross debt reduced slightly from £930.9m to £928.4m in 2020/21 as demonstrated in Table 10. This recognises that future capital expenditure will need to be financed from external borrowing and will create pressure on the revenue budget, however this impact has been recognised in the Council's Medium Term Financial Plan.

Table 10: Net Debt

	31.03.20 Actual £m	31.03.21 Actual £m	Original Budget £m	Actual interest £m	Budget interest £m
Total Borrowing	989.0	930.1	1,328.8	24.8	36.2
Companies	(129.4)	(140.0)	(216.1)	(3.6)	(4.5)
Meridian Water	(307.2)	(328.5)	(342.1)	(8.4)	(12.0)
HRA	(226.7)	(240.2)	(255.6)	(8.7)	(10.8)
General Fund	325.6	221.5	515.0	4.1	8.9
PFI & Finance leases	37.3	33.9	33.9	3.4	3.4
Gross Debt	1026.3	964.0	1,362.7	(28.2)	(39.6)
Total treasury investments	(95.4)	(35.6)	(25.0)	(0.2)	(0.2)
Net Gross Debt	930.9	928.4	1,337.7	-	-

Debt Restructuring

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

Compliance with Treasury Management Indicators

59. Within the prudential indicators there are several key indicators to ensure that the Council operates its activities within well defined limits. For example, the operational borrowing limit set by the Council, determines the external debt levels which are not normally expected to be exceeded, whereas the authorised borrowing limit represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs Council to approve any increase.

60. Throughout 2020/21 the total loan debt was kept within the limits approved by the Council against an authorised limit of £1,400 million. The authorised limit (as defined by the Prudential Code) was set as a precaution against the failure, to receive a source of income or a major unexpected expenditure. In the unlikely event of this happening, the Council would need to borrow on a temporary basis to cover the shortfall in cash receipts. Any significant breach must be reported to the Council.
61. Officers report that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy or explain the areas of non-compliance. Compliance with specific investment limits is demonstrated in tables below.
62. Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 11 below.

Table 11: Prudential Indicators

Debt Limits	2020/21 Maximum £m	31.3.21 Actual £m	2020/21 Operational Boundary £m	2020/21 Authorised Limit £m	Complied? Yes/No
Borrowing	989.0	930.1	1,525	1,600.0	Yes
PFI and Finance Leases	41.3	41.3	75.0	100.0	Yes
Total debt	1,030.3	971.4	1,600.0	1,700.0	Yes

63. Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. Although total debt was not above the operational boundary during this reporting financial year.

Treasury Management Indicators

64. The Council measures and manages its exposures to treasury management risks using the following indicators.
65. Security: The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value weighted average credit rating and credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Table 12: Credit Risk

	31.3.21 Actual	2020/21 Target	Complied?
Portfolio average credit rating	A+	-	Yes
Portfolio average credit score	4.76	6.0	Yes

66. **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Table 13: Liquidity Risk Indicator

	31.3.21 Actual	2020/21 Target	Complied?
Total cash available within 3 months	£35.6m	£25m	Yes

67. **Interest Rate Exposures:** This indicator is set to control the Council's exposure to interest rate risk. The Council held no variable interest rate debt during 2020/21. However, the Council's Treasury Management Strategy does permit variable interest rate loans.

Table 14: Interest Rate Risk Indicator

	31.3.21 Actual	2020/21 Limit	Complied?
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	Nil	+£4m	Yes
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	Nil	+£4m	Yes

68. The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.
69. **Maturity Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

Table 15: Maturity Structure

	31.3.21 Actual	31.3.21 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	£25.0	10.55%	30%	0%	Yes
12 months & within 24 months	£23.8	1.33%	35%	0%	Yes
24 months and within 5 years	£46.5	5.50%	40%	0%	Yes
5 years and within 10 years	£134.6	12.55%	45%	0%	Yes
10 years and above	£700.2	70.07%	100%	0%	Yes

70. Principal Sums Invested for Periods Longer than a year: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

Table 16: Sum Invested Over One Year

	2020/21	2021/22	2022/23
Actual principal invested beyond year end	Nil	Nil	Nil
Limit on principal invested beyond year end	£15m	£15m	£15m
Complied?	Yes	Yes	Yes

Minimum Revenue Provision

71. In accordance with the Local Government Act 2003, the Council is required to pay off an element of the accumulated General Fund capital expenditure, which was funded from borrowing, through an annual revenue charge known as the Minimum Revenue Provision (MRP).
72. In the 2020/21 TMSS, that was approved by the Council at its meeting in February 2020, the MRP budget for 2020/21 was £10m, it was revised in November 2020 to £13.8m to recognised the ignored non-refinanced REFCUS that was identified during the year end closing of Accounts process, consequently, these have been charged to revenue. This led to a capital financing charge of £14.5m.

CIPFA consultations

73. In February 2021 CIPFA launched two consultations on changes to its Prudential Code and Treasury Management Code of Practice. These follow the Public Accounts Committee's recommendation that the prudential framework should be further tightened following continued borrowing by some authorities for investment purposes. These are principles-based consultations and will be followed by more specific proposals later in the year.
74. In the Prudential Code the key area being addressed is the statement that ***"local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed"***. Other proposed changes include ***the sustainability of capital expenditure in accordance with an authority's corporate objectives***, i.e. recognising climate, diversity and innovation, commercial investment being proportionate to budgets, expanding the capital strategy section on commercial activities, ***replacing the "gross debt and the CFR"*** with the ***liability benchmark as a graphical prudential indicator***.
75. Proposed changes to the Treasury Management Code include requiring job specifications and "knowledge and skills" schedules for treasury management roles to be included in the Treasury Management Practices (TMP) document and formally reviewed, a specific treasury management committee for MiFID II professional clients and a new TMP 13 on Environmental, Social and Governance Risk Management.

IFRS 16

76. The implementation of the new IFRS 16 Leases accounting standard has been delayed for a further year until 2022/23.

Changes to PWLB Terms and Conditions and Updated Guidance

77. The “PWLB Guidance for Applicants” first published in November 2020 has been updated. This does not change the purpose for which local authorities can borrow for but will act to further clarify the guidance that was initially published and make it clearer.
78. The responses the Government may take if local authorities do not follow the guidance has also been updated.
79. This guidance applies to major authorities in England, Scotland and Wales which can borrow without explicit Government approval and are required to have regard to the Prudential Code.
80. From 8th September 2021 the following changes will take effect:
- The settlement time for a PWLB loan will increase from two working days (T+2) to five working days (T+5). This is to give the Government sufficient time to review capital plans submitted and ensure they are consistent with the PWLB’s lending policy.
 - The minimum interest rate for PWLB loans will be set at 1 basis point (1bp) or 0.01%. This means that if the benchmark gilt yield plus margin is lower than 1bp the loan will be issued at 1bp.
 - The interest rate charged on late loan repayments will be the higher of the Bank of England Base Rate or 0.1%. Previously the charge was the Bank of England Base Rate.
81. A new electronic template will be launched on 8th September 2021. This will include additional questions to make the return more suitable for authorities that are undertaking debt for yield activity but who are accessing the PWLB for refinancing purposes.

Safeguarding Implications

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

Public Health Implications

83. The Council’s Treasury Management indirectly contributes to the delivery of Public Health priorities in the borough.

Equalities Impact of the Proposal

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

Environmental and Climate Change Considerations

85. There are no environmental and climate change considerations arising from this report.

Risks that may arise if the proposed decision and related work is not taken

86. Lack of robust governance inevitably involves a degree of risk. The successful identification, monitoring and control of risk are therefore central to the Council's treasury management strategy.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

87. Not approving the report recommendations and not adhering to the overriding legal requirements could impact on meeting the ongoing objectives of the Council's treasury activities.

Financial Implications

88. This is a noting report which fulfils the requirement to report annually the performance of the Council's treasury management activities. Financial implications are set out in the body of the report.

Legal Implications

89. This report sets out the lawful basis for the recommendation to approve the 2020/21 Treasury Outturn Report. The Council has duties within an existing legal and regulatory framework to produce an annual Treasury Management review of activities and the actual prudential and Treasury indicators for 2020/21.

Workforce Implications

90. The employer's contribution is a significant element of the Council's budget and consequently any improvement in investment performance and having a significant reduction in cost of borrowing will allow the Council to meet this obligation easily and could also make resources available for other corporate priorities.
91. This report helps in addressing value for money through benchmarking the Council's performance against other Local Authority and London Boroughs.

Property Implications

92. None

Other Implications

93. None

Options Considered

94. The CIPFA TM code require that the Council establishes arrangements for monitoring its investments and borrowing activities hence the performance and activities of the Council's treasury operations is being reported to this Committee on a regular basis.
95. This report is required to comply with the Council's Treasury Management Policy statement, agreed by Council.

Conclusions

96. The Council held outstanding investments of £35.6m as at 31st March 2021. This portfolio earned interest of £0.147m for the year.
97. The actual borrowing CFR increased by £56.7m to £1,165.7m from last year closing position of £1,109m. The original borrowing CFR forecast for 2020/21 was £1,329m, this was revised down in October 2020 to £1,238m, comparing this with the actual borrowing CFR, this gives a difference of £129m for the year, which is due to some capital expenditure slippage.
98. The actual debt at year end stood at £930.1m, a decrease of £58.9m over 2019/20 closing balance. The original total debt forecast for 2020/21 was £1,295m and this was revised down in October 2020 to £1,118.6m, this is £188.5m more than the actual gross debt for the year.
99. During the financial year a total of £39.5m was raised as projects specific loans with interest rate ranging from 0% to 1.2%. The loans were raised from as thus: MEEF (£15m @ 0.17%), HNIP (£21.6m @ 1.2%) and SALIX (£2.9m @ 0%)
100. The gross interest paid for financing external borrowing for the year were £25.4m and the proportion of interest charged to the General Fund for the year was £4.6m. Although gross interest forecast for 2020/21 was £36.2m with chargeable budget of £9m to the General Fund. The favourable variance is due to not borrowing to the forecast limit and the ability of officers to sought out alternative low interest bearing project specific borrowings to fund the Council's capital expenditures for this reporting period.
101. Over the reporting year all treasury management (TM) activities have been carried out in accordance with the approved limits and the prudential indicators (PI) set out in the Council's Treasury Management Strategy statement.

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Tel no. 020 8132 1588

Date of report 4th June 2021

Appendices

None

Background Papers

The following documents have been relied on in the preparation of this report:

- i) Treasury Management Strategy Statement 2020/21 (Approved by Council February 2020)
- ii) Arlingclose – Treasury Outturn Template for 2020/21
- iii) Arlingclose – Enfield Benchmarking-credit-scores for March 2021

London Borough of Enfield**Council****Meeting Date 22ND September 2021**

Subject: Capital Strategy 2022/23**Cabinet Member:** Councillor Maguire**Executive Director:** Fay Hammond, Executive Director - Resources**Key Decision:**

Purpose of Report

1. The purpose of the report is to set out the 2022/23 Capital Strategy.
2. The requirement to have an annual Capital Strategy approved by Council is a requirement that became mandatory in 2019/20 as part of the update to the Prudential Code. The main purpose of the Capital Strategy is to ensure the Council's investment in capital projects supports the delivery of its corporate objectives.
3. The strategy document is an overarching document which sets out the framework for the development, managing and monitoring of the Council's capital programme. It is integrated with the Council's Medium Term Financial Plan and Treasury Management Strategy and aligns with the Council's overall objectives.
4. In 2021/22 the Capital strategy was approved with the 10 year Capital programme. For 2022/23 the Capital strategy is being drafted in advance of the detailed 2022/23 to 2031/32 10 year Capital Programme. This aligns with the Medium Term Financial Strategy, which will also be presented to July Cabinet. Setting out the strategy in advance of development of the detailed programme will ensure the new capital programme is developed in line with the strategy, including any financial targets.
5. The main changes between the Capital strategy agreed in February 2021 and the 2022/23 strategy are additional information on how the new capital programme will be developed, including details of the new Development Investment Financial Framework(DIFF), increased detail and review of the capital programmes strategic risks and mitigations and additional information on the other strategies which link to the Capital strategy
6. 2022/23 will be the third year the Council is operating a Ten Year Capital Programme. The Ten Year Programme aligns with the Ten Year Treasury Management Strategy and improves the Council's ability to take a strategic view of planned capital investment and the impact on the Council's revenue budgets and overall borrowing.

Proposal

7. Following approval and recommendation by Cabinet on the 7th July, Council is requested to:
8. Approve the 2022/23 Capital Strategy attached in Appendix 1

Reason for Proposal

9. The key reason for the proposal is to set the Capital Strategy 2022/23. This is to facilitate long term financial planning which has become more important as the Council's Capital Programme becomes larger and more complex. Reporting on a rolling ten year basis assists the Council in understanding the impact of the capital investment being made, on the revenue budgets and overall level of borrowing. The Treasury Management Strategy is also being reported on a ten year basis.
10. To ensure the Capital programme remains affordable the Council has imposed a £2 billion borrowing cap. The underlying need to borrow to fund the capital programme is measured by the Capital Financing Requirement (CFR). As at 31 March 2021 the external borrowing required to fund the 2021/22 to 2030/31 10 year capital programme was forecast at £1.985 billion. Table 1 below provides the position incorporating the 2020/21 Capital programme outturn position.
11. The detailed work to develop the 10 year programme will ensure the new programme remains below the borrowing cap. In the event of the programme breaching the cap the following categories will be used to prioritise the programme, whilst also considering the Council's key strategic objectives regarding Housing and Regeneration
12. The Categories are:
 - Priority 1 – Fully grant funded
 - Priority 2 – Statutory /Health and Safety
 - Priority 3 - Medium term Financial Savings
 - Priority 4 - Match funding
 - Priority 5 – Other priorities aligned to the Council's strategic priorities

Relevance to the Council Plan

13. The overarching aim of the Council's Capital Strategy is to provide a framework within which the Council's investment plans can be delivered. These plans are informed by the Council's strategic objectives as detailed in the Enfield Corporate Plan 2018 to 2022 and more recently the Enfield Council Plan which, identifies the following 3 key priorities:
 - i. Good Homes in well connected neighbourhoods
 - ii. Safe healthy and confident communities
 - iii. An Economy that works for everyone
14. The Council Plan also includes 4 cross cutting themes, i.e.

- i. A modern Council
- ii. Climate Action
- iii. Fairer Enfield
- iv. Early Help

which will inform the Council's work including capital investment across the Borough.

15. The Capital Strategy sets out the medium to long term context in which capital expenditure and investment decisions are made. It will assist in ensuring the Council understands the long term implications and risks of its investment decisions.
16. The full Capital Strategy, which explains how the Council invests its capital funds, the various sources of funding and how this facilitates the delivery of its objectives is a standalone published document, attached in Appendix 1

Background

17. This report is seeking approval for the 2022/23 Capital Strategy. In the last two financial years the Capital strategy has been approved with the detailed 10 year capital programme. For 2022/23 the strategy is being approved in advance of the detailed programme, which will be presented to Council for approval in February 2022.
18. 2022/23 will be the third year the Council has moved to monitoring its Capital investment on a ten-year cycle. The Capital strategy is an annual document and will be approved alongside the Medium Term Financial Strategy, thereby ensuring both the Revenue and Capital strategy are fully aligned
19. The overarching aim of the Council's Capital Strategy is to provide a framework within which the Council's investment plans can be delivered. These plans are informed by the Council's strategic objectives as detailed in the Enfield Council Plan.
20. **Capital Strategy 2022/23**
21. The Capital Strategy is attached in Appendix 1. This is a standalone document, which will be published.
22. The updated Chartered Institute of Public Finance and Accountancy (CPIFA) prudential and Treasury management code made it mandatory for all local authorities to produce a capital strategy from 2019/20.
23. The overarching aim of Enfield's capital strategy is to provide a framework within which the Council's investment plans can be delivered. The Capital Strategy sets out the medium to long term context in which capital expenditure and investment decisions are made. It will assist in ensuring the Council understands the long term implications and risks of its investment decisions.
24. It is a corporate document and will form part of the Council's strategic planning framework, integrating with other key documents including the Corporate plan, Medium Term Financial Plan (MTFP), Asset Management Plan and the Treasury Management Plan. It will be refreshed on an annual basis and is an integral part of the Council's annual budget setting cycle.

25. The 2022/23 Strategy will incorporate the application of the Development Investment Financial Framework (DIFF). The updated framework is being finalised and has been developed in conjunction with Ernst and Young and updates and improves the appraisal template used to date. The benefits include:
- A standardised and systematic approach to the project appraisal of new and existing programmes
 - Clear governance regarding Capital programme development
 - Alignment of the Capital programme to the Council's Housing and Regeneration objectives
 - Improved management information, making it easier to compare and evaluate key programme metrics
26. In accordance with the DIFF, each programme will be reviewed under the following headings
- Project Viability
 - Project affordability
 - Operational and Funding Considerations
 - Routes to Delivery
27. The strategy sets out the Council's plans for Capital expenditure over the next year and, the financing of the expenditure and the associated risks. It will demonstrate how the Capital strategy forms part of the Council's overall governance framework for delivering its Corporate objectives. It also includes the Council's governance framework that underpins the financial management of the programme.
28. **2022/23 – 2031/32 Ten year Capital programme**
29. The detailed programme will be developed over the forthcoming months. The process will start with the completion and review of the appraisal templates for all existing programmes as well as any new programmes. This will provide the initial view of the new programme. The next step will be the prioritisation of all the programmes to ensure the borrowing cap of £2 billion is maintained. The cap will be managed through the review of underlying assets which underpin the debt, as well as reviewing the phasing of large scale projects, to ensure the cap is maintained.
30. **2021/22-2030/31 Ten Year Capital Programme**
31. Table 1 provides an overview of the Council's current ten-year Capital programme

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27-2030/31	TOTAL
	£000	£000	£000	£000	£000	£000	£000
Good homes in well-connected neighbourhoods	449,254	254,778	297,060	194,499	206,337	932,246	2,334,174

An economy that works for everyone	88,733	48,334	25,678	20,646	12,139	44,378	239,908
Safe, healthy and confident communities	50,394	32,326	24,511	22,368	25,394	82,675	237,667
TOTAL	588,380	335,438	347,249	237,513	243,871	1,059,298	2,811,749
External Grants & Contributions	170,956	79,470	117,726	108,033	115,826	175,633	767,644
Revenue Contributions	348	0	0	0	0	0	348
Capital Receipts	12,105	9,459	6,213	7,234	7,492	8,664	51,167
Major Allowance Repairs	11,067	11,257	11,474	5,103	13,287	77,285	129,473
Earmarked Reserves	69,221	22,217	42,294	61,780	45,294	260,438	501,245
Borrowing	324,867	213,036	169,542	55,363	61,972	537,278	1,361,214
TOTAL	588,380	335,438	347,249	237,513	243,871	1,059,298	2,811,749

32. Capital Programme Funding

33. The capital programme is funded from several sources, each identified below. The reductions in Government funding mean the Council cannot rely solely upon these funding streams to meet the capital investment needs of the Council, especially in respect of regeneration. The Council has agreed to undertake commercial projects using wholly owned Council companies to acquire assets for housing and regeneration that can fund the necessary borrowing, either by selling acquired assets at a profit or using annual income flows to meet capital financing such as interest and provision for borrowing repayment.

34. The Capital programme is funded from:

- a. Grants and External contributions
- b. S106 and Community Infrastructure Levy(CIL)
- c. Capital Receipts
- d. Revenue Contributions
- e. Borrowing

35. The development of the 2022/23 to 2031/32 programme will include a review of all sources of funding to ensure grant opportunities and opportunities for alternative delivery options are fully explored, to assist in maintaining the Council's borrowing cap.

36. External Sources – Grants and Contributions

37. Whilst the Council has been notified of some of the grant allocations that can be expected to be received in 2021/22, confirmation has not been received for most grants beyond the current financial year. Further information will be provided as part of the Capital programme budget report which will be presented in February 2022.

38. Property Implications

39. Given the high-level perspective of this report, there are no specific property implications from within its contents. However, as the 10-year capital budget is implemented over time, it is certain that property implications will arise on specific projects and other activities. These will be addressed as necessary as they come forward in future reports.
40. **Equalities Impact of the Proposal**
41. The Capital programme seeks to reduce inequalities in the Borough , by for example investing in Regeneration programmes.
42. **Environmental and Climate Change Considerations**
43. These are included in the body of the report as relevant.
44. **Financial Implications**
45. The Section 151 Officer is required to keep under review the financial position of the Authority. The Capital Programme supports the discharge of this duty, the revenue implications of the Capital Programme proposed have been incorporated into the Medium-Term Financial Plan.
46. **Legal Implications**
47. 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.
48. The Chartered Institute of Public Finance and Accounting (CIPFA) *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) underpins the system of capital finance. Local authorities determine their own programmes for Capital investment in non-current assets that are central to the delivery of quality local public services. As mentioned above in this report, The Prudential Code has been developed as a professional code of practice to support local authorities in taking decisions, such as those relating to capital strategies and programmes contained in this report. Authorities are required by regulation to have regard to the Prudential Code when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003.
49. **Public Health Implications**
50. The Capital programme seeks to improve or impact upon the health and well-being of the Public in Enfield. This includes , for example improving the environment to encourage improving healthy lifestyles and delivering quality housing

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Date of report: 7th July 20

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CAPITAL STRATEGY 2022/23



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Introduction

1. The main purpose of the Capital Strategy is to ensure the Council's investment in capital projects is sound and supports the delivery of our corporate objectives. The requirement to have an annual Capital Strategy approved by Council became mandatory in 2019/20 as part of the update to the Prudential Code.
2. This Capital Strategy is an overarching document which sets the policy framework for the development, management and monitoring of the Council's capital investment. The Strategy focuses on the core principles that underpin the Council's capital programme. It sets out the key issues and risks that will impact on the delivery of the programme and the governance framework required to ensure the capital programme is delivered and supports the delivery of the Council's Corporate Objectives as detailed in Enfield's Council Plan 2020 to 2022.
3. The Capital Strategy aligns with the priorities set out in the Council Plan and other key Council strategies. The Strategy is integrated with the Medium Term Financial Plan (MTFP) and Treasury Management Strategy to ensure full account is taken of revenue implications and restrictions on capital resources.
4. This document details the high level approach and framework that will underpin the development of the 2022/23 to 2031/32 Capital Programme and sets out the framework for the development of the detailed programme.
5. The financial implications of the Ten Year Capital programme, i.e. the Minimum Revenue Provision (MRP) (the notional repayment of principal) and debt financing costs are incorporated into the Medium Term Financial Plan and the Ten Year Treasury Management Strategy.
6. Since the last Capital strategy was approved the Chartered Institute of Public Finance & Accountancy (CIPFA) has consulted on the Prudential Code. The proposed changes look to strengthen the requirements regarding borrowing for commercial projects to ensure Local Authorities are not borrowing in advance of need, with a view to making a profit. Arlingclose, the Council's external treasury advisors, have confirmed that the Council does not currently have any capital investments which fall within this commercial category.
7. Other proposed changes are to ensure Local Authorities' capital investment remains sustainable and to facilitate these two new prudential indicators together with the replacement of an existing indicator are being proposed as set out below:
 - New prudential indicator: external debt to net revenue stream ratio
 - New prudential indicator: income from commercial and service investments to net revenue stream
 - Replacing "Gross debt and the CFR" with the liability benchmark as a graphical prudential indicator
8. These changes once agreed will be reflected in the Treasury Management Strategy and be reflected as appropriate when developing future capital programmes.
9. CIPFA has also introduced a new Financial Management (FM) Code, which is designed to support good practice and to assist Local Authorities in demonstrating their financial sustainability. The FM code sets out the standards of financial management for Local Authorities and builds on the Prudential and Treasury Management Codes, which the Council already adopts in the management of its Capital Programme and treasury functions. Both Codes require Local Authorities to demonstrate the long term financial sustainability of their capital expenditure, borrowing and associated investments. The Council is working towards full adoption of the FM code from 2021/22 with any changes required to the financial management of the capital programme implemented during the current financial year.

Objectives

10. The main objectives of the Capital Strategy are to:
11. Ensure capital investment is aligned with the Council's strategic vision and corporate priorities, including the climate action plan and the Good Growth Housing Strategy published in 2020.
12. Provide an overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, along with an overview of how associated risk is managed and the implications for future financial sustainability.
13. Maintain an affordable Ten Year Capital Programme and to ensure the revenue impact is fully recognised and captured in the Medium Term Financial Plan (MTFP).
14. Manage the programme within the self-imposed £2 billion borrowing cap.
15. Maximise available resources by actively seeking appropriate external funding and disposal of surplus assets.

Enfield Council Plan 2020-2022

16. The capital strategy will support the Enfield Council Plan, which focuses on three strategic outcomes and four cross cutting themes.

STRATEGIC OUTCOMES			OBJECTIVES
	1	Good Homes in Well Connected Neighbourhoods	<ul style="list-style-type: none"> a. Build more and better homes for residents b. Invest in and improve our council homes c. Deliver housebuilding and regeneration programmes with our residents d. Drive investment to deliver good growth for London
	2	Safe, Healthy and Confident Communities	<ul style="list-style-type: none"> a. Keep communities free from crime b. Inspire and empower young Enfield to reach their full potential c. Deliver essential services to protect and support vulnerable residents d. Create healthy streets, parks and community spaces
	3	An Economy That Works for Everyone	<ul style="list-style-type: none"> a. Create more high-quality employment b. Enhance skills and connect local people to opportunities c. Develop town centres that are vibrant, safe and inclusive d. Craft a cultural offer for Enfield to support London's status as a world class city

CROSS CUTTING THEMES			OBJECTIVES
	1	A Modern Council	<ul style="list-style-type: none"> a. An empowered, responsive and happy workforce b. Accessible and efficient c. Financial Resilience and good governance d. Working in partnership
	2	Climate Action	Work with staff, suppliers, residents, businesses, schools, statutory partners and Government to become carbon neutral by 2030 and create a carbon neutral borough by 2040.
	3	Fairer Enfield	All residents, service users and Council staff supported to fulfil their potential, are treated with respect and are actively involved in shaping the decisions that will affect their workplace and wider community.
	4	Early Help	Joining up services across Council and with our partners to deliver a range of coordinated early help services.

17. The Capital Strategy will also support the delivery of Cabinet member individual priorities, where linked to the Capital programme. These are listed below:
- Produce a new Local Plan for Enfield and deliver on major housing and regeneration programmes to shape the future landscape for the borough.
 - Implement the Climate Action Plan and oversee delivery of associated projects.
 - Review the Borough's leisure services and plan for future provision.
 - Promote accommodation options for Older People and Vulnerable Adults.
 - Increase educational provision for SEND pupils.
 - Deliver agreed programmes to ensure council homes are safe and well maintained.
18. Housing and Regeneration is a key priority of the Council, with 83% of the current Ten Year Capital Programme budgets, allocated to supporting the delivery of the corporate objective to provide 'Good homes in well connected neighbourhoods'.
19. The current Ten Year Programme is designed to support the Council's delivery of its corporate objectives and ensure the required infrastructure is in place to work efficiently with the Council's residents.
20. Table 1 below provides a summary of the current Ten Year Programme by corporate objective.

Table 1 - **Current Capital Programme (2021/22 to 2030/31)**

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27-2030/31	TOTAL
	£000	£000	£000	£000	£000	£000	£000
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Earmarked Reserves	69,221	22,217	42,294	61,780	45,294	260,438	501,245
Borrowing	324,867	213,036	169,542	55,363	61,972	537,278	1,361,214
TOTAL	588,380	335,438	347,249	237,513	243,871	1,059,298	2,811,749

Governance

21. There is a requirement for the annual Capital Strategy to be approved by Council. Historically, this has happened when the detailed Ten Year Capital Programme has been approved.
22. However, for 2022/23 the Strategy will be approved before the 2022/23 to 2031/32 Ten Year Capital programme, in line with the Medium Term Financial Strategy.
23. The Capital Finance Board (CFB) is responsible for the overall financial management of the Council's General Fund and Housing Revenue Account (HRA) Capital Programmes, on behalf of the Executive Management Team (EMT).
24. CFB is chaired by the Director of Finance and can approve projects up to £100k, without reference to EMT. The Board acts as the gatekeeper of the capital programme ensuring all affordability and risks are duly considered and mitigated.
25. The main responsibilities of CFB are to:
 - i. Review and recommend to EMT all new General Fund capital projects
 - ii. Ensure capital resources are viewed corporately demonstrating a clear link to corporate objectives
 - iii. Ensure any revenue costs are identified and considered in the Treasury Management Strategy and the Council's MTFP
 - iv. Develop a capital strategy which supports the delivery of the Council's corporate objectives
 - v. Review new capital project requests on behalf of EMT
 - vi. Provide an extra level of scrutiny on the Council's high risk projects
 - vii. Ensure the agreed borrowing cap is maintained. The cap will be reviewed against the forecast future rents and Council asset values as part of the development of the new capital programme
26. CFB supports/drives/coordinates the development of the rolling Ten Year Capital Programme. All approved programmes were presented to CFB. Programme managers were required to present their updated appraisal template to the Board. Each programme will be evaluated against financial and non-financial criteria. Projects agreed by CFB will be presented to EMT for review prior to being considered by Cabinet and presented to full Council for approval, before being added to the approved Capital Programme.
27. The approval to add a project to the capital programme, approves the budget envelope only. This does not give the right to spend. The right to spend the budget envelope is only granted following the production and authorisation of a separate report, which provides the authorised decision to spend the funds allocated in the approved capital programme. The governance to approve such reports is set out in the Council's Constitution (Part 4) and will depend on whether it is classed as an operational or portfolio decision.
28. In addition to projects recommended for inclusion in the approved programme, there are number of projects which have been classified as 'pipeline projects'. Pipeline projects are projects where further work is required to complete the business case requesting investment. Where indicative figures are known they have been included for the purpose of calculating capital financing costs for treasury and MTFP purposes. These projects are not part of the approved capital programme and are subject to The governance process described above.
29. The Finance Team are finalising the update and improvement of the current financial appraisal methodology. The new framework is called the Development and Investment Financial Framework (DIFF). The framework was developed in recognition that the capital programme, in light of the Council's regeneration ambitions, is becoming increasingly complex.

30. The DIFF will strengthen the current process regarding the addition of new projects to the programme through the introduction of a two phase approval process, with each phase acting as a gateway. Phase One will be an initial project compliance check. This is a high-level checklist which will ensure the project owner has considered the fundamental information required to appraise and scrutinise a potential project.
31. Phase Two will comprise of the completion of an updated and expanded Project Financial appraisal template. The current template will be reviewed and updated in light of the DIFF. The revised formal project financial appraisal is more comprehensive than the existing template and will allow greater scrutiny of new proposals in line with the four pillars within the framework:
 - i. project viability,
 - ii. project affordability,
 - iii. operational considerations, and
 - iv. routes to delivery.
32. Under each pillar a set of criteria exist against which qualitative and quantitative assessments will be made.
33. Once a programme has been assessed using the process described above, its inclusion in the capital programme, will depend on what priority it has been assigned. The prioritisation of the programme is covered in Paragraph 60 onwards.

Developing the 2022/23 to 2031/32 10 Year Programme

34. The new Capital programme will be developed in the coming months, by rolling forward the existing programme by a year and where relevant the underlying financial models. Each individual programme will be assessed using the DIFF, which provides information on the viability, affordability, delivery options and operational considerations.
 - i) Project Viability considers the project within the context of relevant appraisal metrics, such as NPV, Payback, IRR amongst others
 - ii) Project Affordability considers the impact of the Project within the broader context of the Council's budgetary requirements and overall debt levels
 - iii) Operational considerations -looks at the impact of the project on the Council's day to day businesses and any revenue budget implications
 - iv) Considers the competencies that must be in place to ensure the Council is able to deliver the project
35. In addition to the above four areas, depending on the size of the project a business case and financial model will be required to enable scenario analysis to be undertaken.
36. The approval process starts with the completion of the two stage project appraisal template described above, which is presented to CFB. The Phase One template is reviewed by Finance and serves as a checklist to ensure all relevant information is available, prior to the presentation of the Phase 2 template to CFB. CFB will assess new projects based on the financial and non-financial information included in the Project appraisal templates, described above.
37. As detailed in paragraphs above, the current process is being updated. The new framework is being finalised and will be adopted in the development of the new Ten Year Programme.
38. All programmes will be presented to the Capital Finance Board and then prioritised using the categories below.
 - i. Fully Grant Funded – 100% of project funding is financed through non repayable grants
 - ii. Statutory/Health and Safety /Business Continuity-Projects which the Council has a statutory obligation to undertake, must undertake for Health and Safety compliance or are essential to the operation of the Council
 - iii. Medium Term Financial Plan Savings – Projects which underpin the delivery of revenue savings in the MTFP
 - iv. Cost avoidance or Income generation – Projects contributing to the avoidance of additional costs or the generation of additional income
 - v. Match Funding – Projects where Council investment is required to attract external non repayable grant funding
 - vi. Other – projects which do not fall into any of the above categories, but do contribute to the Council's strategic priorities
39. This will give an early indication of the underlying borrowing requirement of the programme, with reference to the £2billion borrowing cap.
40. The Council has a 3.5% hurdle rate for investment decision-making, which is part of the strategy of ensuring all projects are not just viable but pay back during an appropriate time frame. It has historically set its Treasury interest budgets on this basis. In setting the budgets in Treasury and Capital, the Council also reviews the timing of capital receipts, as similar to the hurdle rates, this significantly affects the ability of the Council to target a debt position significantly below the £2billion borrowing cap.

Financing the Capital Programme

41. In February 2019 the Council increased the scrutiny and transparency of the ambitious capital programme through the Ten Year Capital and Treasury Strategy. At the same time the Council set a self-imposed borrowing cap of £2billion which was based on the level of risk and was prudent and brought increased rigour and challenge to the capital programme. In recognition of this, each year, only the forthcoming year's capital expenditure is agreed at Council, enabling a review of any future capital programmes during the Ten Year timeline. Updating the Capital Programme; by its nature, is an iterative process.
42. It is recognised that there are a number of options that are available to the Council to manage the level of borrowing to ensure this is affordable which include prioritising the capital investment programme, re-phasing the large scale regeneration programmes, consideration of programme timing, reducing debt or cost of the programme via private sale or asset sale, looking at alternative delivery models (such as Meridian Water Phase 4 forward funding approach) and the strategic review of the Council companies (such as the proposed strategic review of Energetik agreed at Council).
43. It is recognised that the debt cap is a somewhat blunt instrument, albeit easy to understand. One of the key considerations is the affordability of that borrowing in both the General Fund and HRA and therefore there is due regard to the assets that support the indebtedness, and the contingency available to support scheme risks.
44. The Council's Treasury Management Strategy Statement sets out the way in which sufficient but not excessive cash balances will be maintained to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short term as revenue income is received before it is spent, but cash poor in the long term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
45. The Council assumes to borrow at interest rates of 3.5%, whether to re-finance borrowing or for borrowing in relation to growth in the Capital Programme. However, the effect of the current Pandemic has meant that interest rates remain low.
46. The Council currently (as at 31 March 2021) has £930m borrowing at an average interest rate of 2.72% and £36m treasury investments at an average rate of 0.02%
47. The underlying need to borrow to fund the capital programme is measured by the Capital Financing requirement (CFR). The Table below shows the current forecast external borrowing required to support the existing programme at 31st March 2021 is £1.975bn. This table will be refreshed as part of the development of the new Ten Year Programme.

Table 2 - Capital Financing Requirement

	2020/21 Actual	2021/22 (Revised)	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27- 2030/31
	£m	£m	£m	£m	£m	£m	£m
General Fund CFR	925.0	1,149.2	1,261.4	1,327.4	1,340.8	1,347.9	1,443.7
HRA CFR	240.2	297.9	358.9	417.9	417.9	424.5	658.5
Total Loans CFR	1,165.2	1,447.1	1,620.3	1,745.4	1,758.7	1,772.4	2,102.2
PFI Liability	33.9	30.3	26.3	22.1	17.7	13.8	0.0
Total CFR	1,199.1	1,477.4	1,646.7	1,767.5	1,776.4	1,786.2	2,102.2
Less Internal Borrowing	(269.0)	(182.4)	(146.6)	(140.6)	(136.8)	(134.0)	(126.9)
External Borrowing	930.1	1,295.0	1,500.1	1,626.9	1,639.5	1,652.2	1,975.2

48. The Council's main objective when borrowing is to achieve a low but certain cost of finance and to retain flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short term loans (currently available at around 0.25%) and long term fixed rate loans where the future cost is known but higher (50 year PWLB debt currently 2.11% to 2.29% (Standard Rate) depending on loan structure).
49. Projected levels of the Council's total outstanding borrowing (which comprises external borrowing, PFI liabilities, leases) are shown in the above table, compared with the capital financing requirement.
50. In accordance with the Treasury Management Strategy Statement, the Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves. All cash balances are invested with approved financial institutions with the aim of closing each day with a zero current bank balance ensuring all surplus cash is always appropriately invested.
51. The Council's objective when investing money is to strike an appropriate balance between risk and return. Where balances are expected to be invested for more than a year, the Council will aim to achieve a return equal to or higher than inflation to maintain spending power.

Revenue budget implications

52. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP (Minimum Revenue Provision) is charged to revenue, offset by any investment income receivable.
53. The net annual charge is known as the Financing Cost and is used to establish the key Prudential Affordability Indicator for General Fund and HRA as follows:
- General Fund – interest and MRP divided by net income stream consisting mainly of Council Tax and Business rates income, Government grants, trading and investment income offset by expenditure on the Council's General Fund services
 - HRA – gross income consisting mainly of rents, service charges investment income offset by expenditure in the HRA
 - This comparison generates the Prudential indicator most relevant for measuring the affordability of borrowing. The higher the indicator the greater the proportion of income required to pay financing costs.
54. Table 3 sets out the Ratio of Financing Costs to Net Revenue Stream for General Fund and HRA respectively.

Table 3 - **Prudential Indicator: Ratio of financing costs to net revenue**

	2020/21 Actual	2021/22 (Revised)	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27- 2030/31
	£000	£000	£000	£000	£000	£000	£000
General Fund (GF)							
Total GF Financing Costs (MRP & Interest)	18,283	27,740	34,621	37,754	36,144	38,947	190,681
Net Revenue Budget	236,904	240,782	245,191	249,691	254,286	258,977	1,363,567
Proportion of Net Revenue Stream	7.7%	11.5%	14.1%	15.1%	14.2%	15.0%	14.0%
Housing Revenue Account (HRA)							
Total HRA Financing Costs (Interest)	8,737	10,665	12,641	14,134	14,772	14,900	97,354
Net HRA Revenue Budget	56,473	59,824	63,141	66,171	68,400	71,355	415,851
Proportion of Net Revenue Stream	15.5%	17.8%	20.0%	21.4%	21.6%	20.9%	23.4%

55. Table 3 shows the proportion of resources required in both the HRA and General Fund to service financing costs. These are increasing over the term of the capital programme indicating increasing risk in the affordability to service financing costs. These costs are funded from Revenue budgets.

Performance Management (Capital programme monitoring)

56. Once a capital project is approved, it forms part of the Council's approved capital programme which is monitored on a quarterly basis and is reported through to Cabinet. However, some of the more complex projects are monitored on a monthly basis.
57. Individual project managers or budget holders are responsible for the detailed quarterly budget monitoring. Individual returns are consolidated before being reviewed at Departmental Management Teams (DMT) meetings. These approved forecasts form the basis of the quarterly monitoring report. This report is reviewed at CFB and discussed at EMT, before being presented to Cabinet and Council to approve any amendments to the approved programme.
58. Financial forecasts for all capital projects are reviewed and updated on a quarterly basis identifying areas subject to the risk of overspending, underspending or to be delayed. The finance team are continuously working with service departments to improve the quality of the forecasts.
59. Particular focus will be placed on programmes which have reprofiled significant amounts from 2020/21, to ensure forecasts are realistic.
60. The Finance team act as the 'critical friend' during the monitoring cycle, by working with services to provide forecasts that are as accurate as possible, but also scrutinising and challenging unrealistic financial forecasts and requests for budget slippage.
61. The Capital programme is risk based at the start of the year based on factors including budget size, funding sources, grant conditions and the impact of external economic factors. This forms the basis for those programmes which will be subject to at least one, high level CFB review. Responsible officers present a high-level project overview regarding the project finances, delivery and any risks and mitigations. This is in addition to monitoring described above.
62. The Board also maintain and review a strategic capital programme risk register quarterly. The register will incorporate key risks from other strategic registers with potential material impact on the delivery of the programme. Major projects also have separate programme boards where the project finances are also reviewed.
63. Cabinet receives quarterly capital monitoring reports which includes financial information regarding actual spend and year end forecasts as well as details of projects delivery, risks and where relevant information relating to additional grants received or funding requests.

Economic Context

64. The medium term global economic outlook has improved with the rollout of vaccination programmes, albeit some countries are experiencing extremely challenging conditions that may dampen activity. The UK has benefitted from the initial rapid vaccine rollout, boosting confidence and activity.
65. The rise in growth and inflation is likely to be largely temporary and this uncertainty over sustainability will maintain pressure on central banks to maintain loose monetary conditions for the foreseeable future. Bank Rate is unlikely to change despite developing market expectations.
66. The wider construction market is classed as unpredictable at present, following the high profile influencing factors of Brexit, Covid-19 and the subsequent economic recession.
67. With the UK leaving the European Union on 31st December 2020 (after the transition period), prices are increasing in a number of areas in the industry. In particular steel prices have increased by circa 40%, with gravel and sand up by approximately 20%. Market intelligence also suggests that a substantial amount of the construction labour has left the UK and continue to leave. These price increases and labour shortages are likely to impact the delivery cost of housing and regeneration schemes.
68. Due to Covid-19, there has been a big change to the way construction staff work within sites. Avison Young (AY), a commercial real estate firm, reported this has resulted in contractors adding extra labour, to mitigate a drop in construction efficiency, due to social distancing measures and staff having to self isolate.
69. AY also anticipate that residential developments due to start in 2021 are likely to be significantly impacted by the price increases. The predominant structural material used is concrete, where the price is forecast to increase in line with increases in steel. The cost of other materials for new housing has exhibited a year on year increase of 7%.

Commercial Activities

70. The Council will consider commercial capital investment opportunities where they meet wider Council priorities (not purely for yield). The Council has agreed to undertake commercial projects using wholly owned Council companies to acquire assets for housing and regeneration that can fund the necessary borrowing, either by selling acquired assets at a profit or using annual income flows to meet capital financing costs such as interest and provision for borrowing repayment.
71. The proposed commercial investment activities will have regard to the CIPFA prudential code and the Statutory Guidance on Local Authority investment. This is particularly pertinent because capital investments will require the Council to borrow. Integral to the Council's approach to capital investment is the preparation of a project appraisal or business case as appropriate for review and recommendation by the Capital Finance Board to EMT, prior to Council approval. The Development and Investment Financial Framework (DIFF) will be used which considers not only the project financial viability (e.g. Net Present Value, Internal Rate of return), overall affordability (e.g. impact on revenue budget and borrowing ceiling), but also operational considerations and social value.
72. As set out in paragraph 44, the key objective of the Council's Treasury Management Strategy is to strike a balance between risk and return. The Council's Treasury Management Strategy Statement provides further detail on how Council ensures borrowing remains affordable.
73. The Council currently has two active wholly owned subsidiaries: Housing Gateway Limited (HGL) and Lea Valley Heat Network (LVHN - trading as Energetik), which are funded through Council loans.
74. The Council is also in a joint venture with Henry Boot Limited, which was established in July 2017 to redevelop Montagu Industrial Estate, with a revised budget of £48m to fund land acquisition, of which £4.1m has been spent to 31st March 2021.
75. The project is progressing with the redevelopment of the Montagu Industrial estate, with Phase 1 scheduled for completion in December 2021. A key aspect of the joint venture is the fact that the Council is guaranteed to continue to receive circa £1m guaranteed rental income during the period of redevelopment.
76. HGL was established in April 2014 to acquire and manage properties in the private rented sector, to be used by the Council to discharge its statutory homeless duties. The actual loan drawdown during 2020/21 was £9.7m, of which £5m was an equity investment, at which point 565 properties had been purchased. The Company is repaying its loans.
77. Energetik was established in August 2015 to provide low carbon energy from waste to Enfield residents, through developing, owning and operating a series of community energy networks across Enfield. The company is funded through a combination of Council loans and external grants, with £94m approved to date, of which £77m is funded through Council borrowing and £17m external grants. The actual loan drawdown during 2020/21 was £1.6m. Energetik currently has 681 connections across the heat network 328 at the Alma Estate & Electric Quarter, 241 at Ladderswood and 112 at New Avenue.

Other strategies relevant to the Capital strategy

HOUSING AND GROWTH STRATEGY

78. The Housing and growth strategy sets out the overarching vision and direction of the Council in relation to delivering housing growth.
79. It also recognises the need to invest in Council housing and services, to improve the private rented sector and to ensure a wide range of housing products are provided.
80. Two of the strategy's key objectives is to provide more affordable homes for local people and invest in Council homes. These objectives are key drivers for future investment and is reflected in the current programme, with £2.3billion forecast to be invested in supporting the delivery of 'good homes in well connected neighbourhoods'.

CLIMATE ACTION PLAN

81. The Climate Action Plan (CAP) was agreed in July 2020, setting out the approach to working with staff, suppliers, residents, businesses, schools, statutory partners and government to become a carbon neutral organisation by 2030 and create a carbon neutral borough by 2040.
82. The CAP recognises that achieving carbon neutrality and tackling emissions across the borough will be hugely challenging given the budgetary pressures on local government. Identifying the need to look to the mayor, the government and other sources of funding alongside our existing budget, in order to deliver the action that is needed.
83. Projects such as LED lighting and flood alleviation schemes, and investment in low carbon energy via Energetik support this Council strategic priority.

STRATEGIC ASSET MANAGEMENT PLAN

84. The Council has a substantial corporate property portfolio, which comprises both operational properties (through which service delivery takes place) and investment properties (where income is derived to pay for the Council's services).
85. Given the challenging financial position facing all local authorities, the Council must optimise the use of its operational assets so that the cost of holding property is only what it needs to be, whilst at the same time ensuring that the properties are repaired, maintained, and safe places to work. The 'Build the Change' programme of office rationalisation was approved in 2019/20. The initial phase has seen an investment of £2.4m which has been applied on enabling works, relocations, digital services, and professional fees. A further £15.2m has recently been approved for the next main phase which will see significant capital investment in in other Council buildings.
86. For other operational properties, investment in necessary lifecycle works is a continual activity and enabled via the Corporate Condition Programme where planned and preventative maintenance works identified through building condition survey data are carried out.
87. Investment properties are an important source of funding for Council services. Periodic investment is needed in them in order to optimise revenue returns and the investment value of the asset. For instance, the regeneration of the Montagu Industrial Estate through a Joint Venture with HBD has recently seen works commence on Phase 1 which will deliver 55,000 sq. ft of new, modern industrial premises by the end of 2021. Later phases will see a further 250,000 sq. ft of new premises delivered.

88. Other parts of the investment portfolio will also continue to benefit from investment through the on-going the Corporate Property Investment Programme (CPIP) which provides for investment in parks, rural and residential properties (those held within the General Fund) where improvements will maintain or increase returns made from those properties.

RISKS AND MITIGATION

Table 4 below summarises the key strategic risks and mitigations of the capital programme. These risks are monitored through the Capital programme risk register, which is reviewed on a quarterly basis by CFB. In addition major capital programmes have their own individual risk registers which are managed at their respective programme boards.

Table 4 – Capital programme strategic risks and mitigations

RISKS	MITIGATION
Covid-19	Covid-19 has had a significant impact on the delivery of projects in 2020/21, due to the restrictions placed on the economy, resulting in supply chain delays and reduced outputs due to social distancing requirements. Project budgets will be subject to greater scrutiny in 2021/22 to ensure they are linked to realistic project delivery timetables.
Inflation	Capital project construction costs are currently particularly vulnerable to price increases due to disrupted supply chains and the impact of Brexit. Current markets indicate increased risks in both materials cost increases and labour market capacity. Mitigations include contingencies allocated within projects, value engineering, sensitivity analysis incorporated into business models. This risk to be considered and monitored at the CFB throughout the year.
Grant Reductions	Grant risk has grown since the pandemic and has started with Government funding being withdrawn or reduced. In some cases, grants which were previously agreed for three to five years in many instances, are now only being agreed on an annual basis. All grant funded projects will be kept under close review, with any risks highlighted in the quarterly monitoring report. and options for other funding sources continually investigated.
Legislative	Schemes need to comply with the latest legal requirements and regulations. Changes, which may be retrospective in nature, will impact on the scheme design, timeframes. As mitigation the Council must ensure its up to date and remains vigilant of potential changes in legislation and the potential impact on capital programmes.
Partners	The Council is increasingly working with external partners to deliver major projects. Whilst this may transfer risk and debt, careful monitoring is required to ensure such arrangements do not result in unbudgeted additional cost. This will be mitigated through careful monitoring of any agreements and prompt escalation to manage any identified risks.
Programme delivery capacity	The 2021/22 original budget is £588m. As such its key the Council has the right project delivery expertise. The Council will monitor this through its existing governance structure of Programme Boards, the Strategic Delivery Board, with oversight from the Capital Finance Board and the Executive management team and through use of appropriate professional external expertise as necessary.

KNOWLEDGE AND SKILLS

89. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Council supports staff to study towards relevant professional qualifications including CIPFA, as well as supporting attendance at Continuing Professional Development events to increase general understanding of construction, project appraisal methods, as well as on the job coaching etc.
90. When necessary, for example when specific skills are required, use is made of external advisers and consultants that are specialists in their field. This approach ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

Useful links:

Strategic Asset Management Plan (Cabinet June 2018)

<https://governance.enfield.gov.uk/documents/s75117/NEW225Strategic%20Asset%20Management%20Plan%202019-2024%20SUMMARY%20FINAL%20V2.pdf>

Good Housing Growth Strategy (Council June 2020)

Agenda for Council on Wednesday, 29th January, 2020, 7.00 pm · Enfield Council

Climate Action Plan (Cabinet July 2020)

[4620PL19193CAppendix1EnfieldClimateActionPlanDesignedJULFinalDraft.pdf](#)

London Borough of Enfield

Councillor Conduct Committee

Annual Report 2020/21

Chairs Introduction

As Chair of the Councillor Conduct Committee from 2020-21, I would like to take this opportunity to thank the Monitoring Officers, Independent Persons and my fellow committee members for their sound and thoughtful contributions towards upholding the ethical culture within the Council.

Councillor Claire Stewart
Chair

1. Introduction

This report details the key aspects of the committees work during 2020/21.

The committee ensures there is an effective process for dealing with code of conduct complaints, supports the principles of good governance and upholds an ethical culture within the Council.

2. Membership

The Councillor Conduct Committee is made up of four councillors (two from each party, including each of the party whips), supported by two independent persons. The councillors appointed to the committee for 2020/21 were:

Councillor Claire Stewart (Chair);
Councillor Glynis Vince (Vice Chair);
Councillor Rick Jewell;
Councillor Elaine Hayward

A substitute member is permitted in the following circumstances:

- (a) To take the place of an ordinary member from the respective group on the Committee where that member will be absent for the whole of the meeting. Such an appointment would apply for the entire meeting, including where the meeting is reconvened after any adjournment; or
- (b) Where an ordinary member of the Committee is prevented from attending and participating in a meeting due to any disclosable interest they may have in an issue or complaint to be considered. In these cases the substitute appointment would only apply to the consideration of the relevant item on the agenda.

3. Independent Persons

As required by the Localism Act 2011 all local authorities must appoint at least one independent person whose views are sought and taken into account by the local authority before it makes a decision on an allegation that has been investigated.

Christine Chamberlain and Sarah Jewell are appointed as the Independent persons for the committee and assist in the investigation of complaints under the Council's Member Code of Conduct.

In this report we would like to acknowledge the invaluable support provided by Christine Chamberlain and Sarah Jewell.

The independent view and expertise they have brought on conduct issues is vital to the proceedings. The Monitoring Officer consults one Independent person on all complaints received and they provide considered advice and guidance on complaints and other issues that arise.

The appointments are for a period of two years. Christine Chamberlains appointment was extended at Council AGM until May 2022, and Sarah Jewells appointment concluded.

The Committee advertised, interviewed and appointed Joan Mansfield to the vacant position, and this was approved at Council AGM in May 2021. Joan's appointment is for a period of two years, finishing in May 2023.

5. Terms of reference

The full terms of reference of the Councillor Conduct Committee are set out at appendix 1, the key points are:

- To deal with policy, complaints against councillors and issues concerning the members' Code of Conduct.
- To promote and maintain high standards of conduct by councillors and all co-opted members.
- To assist councillors and co-opted members to observe their Code of Conduct and all other Codes within the Constitution.
- To monitor the operation of the Councillors' Code of Conduct and report when appropriate to the full Council on the adoption or revision of the Code and all other codes within the Constitution.
- To consider requests for dispensations by councillors, and co-opted members relating to interests set out in the Code of Conduct.
- To discharge such other functions either general or specific as the Council may from time to time allocate to the Committee.

6. The committees work programme

There were three meetings held during the year. One was an appeal hearing, one was a normal business meeting dealing with an update on cases, and approval to recruit to the Independent persons post, and the other meeting was to hold interviews for the post.

7. Member Training

Training on the code of conduct and the associated complaint procedures will be provided by the Monitoring Officer following the changes to the Independent Persons or if there are any changes to committee. If

members or substitute members of the committee are unsure of the process for hearings or appeals, then individual sessions are held to ensure members are comfortable with the requirements of their role.

8. Dispensations

No dispensations had been granted in the past year.

A dispensation can be granted in the following circumstances:

- (a) Where members of the decision-making body have disclosable pecuniary interests in a matter that would “impede the transaction of the business”
- (b) That without the dispensation, the representation of different political groups on the body conducting the business would be so upset as to alter the outcome of any vote on the matter
- (c) That the authority considers that the dispensation is in the interest of persons living in the authority’s area
- (d) That the authority considers that it is otherwise appropriate to grant a dispensation.

9. Complaints

The Council will use its reasonable endeavours to determine a complaint within 3 months of receipt. The complainant will be kept informed of progress throughout. The process may include:

- (a) Requests for further information/evidence;
- (b) Informal resolution to the satisfaction of all parties;
- (c) Mediation;
- (d) Investigation; and/or
- (e) Referral to the Councillor Conduct Committee where the Monitoring Officer feels it would not be appropriate for him/her to take a decision

The Monitoring Officer, based primarily on the criteria set out above, will consider the complaint received and, in consultation with an Independent Person, will determine whether it warrants further action.

Complaints will not be accepted where:

- (a) They are considered to be trivial, malicious, vexatious or frivolous
- (b) It is not in the public interest to investigate the complaint.

- (c) The subject matter has already been considered by the Council - except where new evidence has become available which could not previously have been produced
- (d) It would be more appropriate for the complaint to be dealt with by a court or under another complaints or arbitration procedure
- (e) One of the parties had registered their intention to take legal action on all or some of the matters complained about
- (f) Legal action is under way
- (g) Some or all of the matters complained about have been resolved through litigation.
- (h) The complainant seeks to overturn decisions made by the Council.

If a complaint is rejected on the basis of the above, there is no right of appeal.

If the complaint is referred for further action, the Monitoring Officer will determine, in consultation with the Independent Person, the most appropriate way of dealing with the complaint.

During 2020/21 the Monitoring Officer received 18 complaints.

The Monitoring Officer rejected 5 of these as they were not eligible under the code of conduct.

The Independent Person considered 6 of these complaints and found no breach of the code.

The remaining complaints were dealt with through informal resolution, and 6 have ongoing investigations and requests for further information in place.

One appeal against the Monitoring Officers decision on a complaint from 2019 was received and the hearing by the committee took place on the 23rd September 2020.

The appeal was rejected, and the Monitoring Officer's original decision was upheld by the committee.

10. Conclusions

The complaints form, appeal form and process are accessible to residents and councillors on the website.

Appendix A

COUNCILLOR CONDUCT COMMITTEE
Appointed by: Council
Proportionality: Disapplied
<p>Membership:</p> <p>4 members of the Council: 2 majority and 2 opposition to include both group whips.</p> <p>2 substitute members by each group to be appointed at the Annual Council meeting. Substitute members to be permitted in the following circumstances:</p> <p>8. To take the place of an ordinary member from the respective group on the Committee where that member will be absent for the whole of the meeting. Such an appointment would apply for the entire meeting, including where the meeting is reconvened after any adjournment; or</p> <p>(b) Where an ordinary member of the Committee is prevented from attending and participating in a meeting due to any disclosable interest they may have in an issue or complaint to be considered. In these cases the substitute appointment would only apply to the consideration of the relevant item on the agenda.</p> <p>The committee member who wishes to appoint a substitute member must notify the Monitoring Officer in writing, prior to the beginning of the relevant committee meeting of the intended substitution. Once notification of a substitute member has been received the ordinary member of the committee will not (unless the notice of substitution is withdrawn prior to the start of the meeting) be entitled to attend the relevant meeting or part of the meeting to which the substitution applies as a member of the committee.</p> <p>The Independent Person(s) and the Monitoring Officer will be asked to attend the meetings to offer advice and support.</p>
The membership must be drawn from: As set out in membership
Chair and Vice-Chair appointed by: Council, with the chair being the majority group whip and the vice-chair being an opposition whip.
Public / Private meeting: Public

Substitutes: 2 substitute members by each group to be appointed at the Annual Council meeting. Procedures set out in Membership above.
Quorum: No business shall be considered at committee meetings unless at least one quarter of the total number of members, rounded up to a whole number, is present. In no case however shall the quorum be less than 2 members.
Frequency: Meetings to be scheduled on a quarterly basis but only to meet if there was business to be transacted. Extra meetings can be arranged if necessary.
Terms of Reference: (i) To deal with policy, complaints against councillors and issues concerning the members' Code of Conduct. (ii) To promote and maintain high standards of conduct by councillors and all co-opted members. (iii) To assist councillors and co-opted members to observe their Code of Conduct and all other Codes within the Constitution. (iv) To monitor the operation of the Councillors' Code of Conduct and report when appropriate to the full Council on the adoption or revision of the Code and all other codes within the Constitution. (v) To consider requests for dispensations by councillors, and co-opted members relating to interests set out in the Code of Conduct. (vi) To discharge such other functions either general or specific as the Council may from time to time allocate to the Committee.

1. Motion in the name of Councillor Maria Alexandrou

Cervical Cancer Screening

Cervical screening is a way for women to protect themselves from cancer. The sad reality is that fewer women are now having cervical screening. Last year 1.3m women didn't attend NHS screenings. There are 3,200 new cases of cervical cancer every year and of those 870 women die from it.

According to CANCER RESEARCH UK 99.8% of cases are preventable. When Jade Goody fought her cancer battle, nearly 80% of women went for smear tests. 10 years later, only 72% of women go. If this rate falls any lower, the rise in deaths will shoot up. In the case of Jade Goody, she ignored letters about her abnormal cells. She needed to go to hospital for surgery to remove those abnormal cells, surgery which most probably would have saved her life.

Many young women in their 20s and 30s are dying from cervical cancer and the tragedy is they are leaving behind their partners and young children. We need to encourage everyone to look after their health and have regular check-ups.

Enfield Council therefore agrees to work together with other agencies for a local campaign on cervical cancer awareness and encourage women to attend that important screening test. It only takes 5 minutes at the doctor's surgery and this test can save your life.

2. Motion in the name of Councillor Michael Rye

Fireworks & Animals

This Council resolves:

- to require all public firework displays within the local authority boundaries to be advertised in advance of the event, allowing residents to take precautions for their animals and vulnerable people
- to actively promote a public awareness campaign about the impact of fireworks on animal welfare and vulnerable people – including the precautions that can be taken to mitigate risks
- to encourage local suppliers of fireworks to stock 'quieter' fireworks for public display.

3. Motion in the name of Edward Smith

Carbon Neutrality

"This Council agrees to review its Climate Change Action Plan which set a target for the Council achieving carbon neutrality by 2030 because it is flawed and was not subject to adequate consultation for such an important and far reaching project."

4. Motion in the name of Councillor Joanne Laban

Forced Marriage

This Council is horrified that failings led to a teenage girl being forced to marry a man who assaulted her. Enfield Council deeply regrets the harm suffered by the victim of and accepts the findings of Judge Oliver Jones. Enfield Council takes its safeguarding seriously and will work tirelessly to make sure the failings highlighted by Judge Oliver Jones are never repeated.

5. Motion in the name of Councillor Edward Smith

Tall Buildings

"This Council supports the findings in the recent letter to all councillors from Andrew Boff, AM, Chair of the London Assembly's Planning and Regeneration Committee which sets out the many disadvantages of residential high-rise buildings such as life-time costs, excessive density, impact on family lives, quality of design and post Covid 19 issues."

6. Motion in the name of Councillor Andrew Thorp

Squirrels, Scouting Movement

On 9th September, the Scouts announced the launch of a new age group – Squirrels. This is Scouts for 4-5 year olds, and it is particularly targeting wards disproportionately affected by the pandemic to help ensure all children have access to the same opportunities. Will the Council join me in welcoming the launch of Squirrels and help to promote uniformed youth organisations across the Borough so that they can reach the children and volunteers that need it most?

7. Motion in the name of Councillor James Hockney

Pets as Prizes

Enfield Council:

- is concerned about the number of cases reported to the RSPCA each year, regarding pets given as prizes via fairgrounds, social media and other channels in England - and notes the issue predominantly concerns goldfish
- is concerned for the welfare of those animals that are being given as prizes
- recognises that many cases of pets being as prizes may go unreported each year

- supports a move to ban the giving of live animals as prizes, in any form,

The Council agrees to:

- ban outright the giving of live animals as prizes, in any form, on Enfield Council land.
- write to the UK Government, urging an outright ban on the giving of live animals as prizes on both public and private land.

8. Motion in the name of Councillor Mahmut Aksanoglu

Cladding

Enfield Council Supports the End Our Cladding Scandal campaign and calls for the government to provide active remedies to resolve the cladding scandal in the country which is affecting leaseholders and residents in Enfield.

The Council Notes:

- The Government has made it a requirement to remove all cladding that presents a fire risk and remediation of unsafe wall systems on the walls of existing residential buildings of any height after the Grenfell disaster. This is affecting not only buildings with the ACM Cladding used on Grenfell, but many other buildings incorporating materials which could be flammable – including balconies and wooden panels.
- The Royal Institution of Chartered Surveyors (RICS) and the UK Council of Mortgage Lenders agreed an industry-standard External Wall System fire review process, which takes place through a EWS1 form.
- An EWS1 form shows that the building is “safe”. Lenders often value properties at £0. Many leaseholders are unable to secure a mortgage over their properties. leaseholders are trapped in their ‘unsafe’ homes unless they are able to pay the huge sums of money often required to address the fire safety issues highlighted in the EWS1 form. Many people face bankruptcy by this even before remediation bills can be passed on.
- It is estimated that at the current rate it will take over 150 years to complete the remediation work required to the number of known unsafe properties over 18 metres.
- Whilst the Government has provided some funding to support the remediation of unsafe cladding, this only covers a bare minimum number of buildings requiring remediation works.
- For buildings under 18 meters tall, the Government has provided no funding at all as a result of this funding shortfall the costs of remediation works are being passed on to leaseholders, who are blameless for this situation and bought their properties in good faith.

- There are many Enfield residents affected by this issue including Prowse Court in Edmonton and many leaseholders are facing high bills to rectify the issue.

Council also notes:

That giving leaseholders loans to pay for the repairs, whatever the terms, is not an acceptable solution, as this is placing the long-term financial burden on them.

Council calls for:

- The council supports the end our Cladding Scandal Campaign, which makes the following 10 demands:
 1. The government must lead an urgent national effort to remove all dangerous cladding from buildings by June 2022.
 2. The Building Safety Fund must cover all buildings, regardless of height, and a range of internal and external fire safety defects, not just cladding.
 3. The government should provide the money up front and then seek to recover it from any responsible parties or via a temporary levy on development.
 4. Social housing providers must have full and equal access to the fund.
 5. The government must compel building owners or managers to be honest with residents about fire safety defects.
 6. The government should cover the cost of interim safety measures.
 7. The government should act as an insurer of last resort and underwrite insurance where premiums have soared.
 8. A fairer, faster process is needed to replace the EWS form and funding is necessary to ensure all buildings requiring a form are surveyed within 12 months.
 9. Mental health support must be offered to affected residents.
 10. Protecting residents from historic and future costs must be a key commitment of new building safety legislation.

The Council calls for the Government to impose adequate funding to cover the costs of safety measures.

9. Motion in the name of Councillor Ian Barnes

Climate Action Plan

In its most recent progress report the Climate Change Committee (CCC) has issued a stark warning to the Government. The Cabinet's statutory climate advisor says the Government needs to 'step up very rapidly' to meet targets.

Enfield Council welcomes the ambitious targets set by the Conservative Government to fight climate change, however, as COP26 approaches we are disappointed that to date the Government has failed to come up with the policies needed to achieve them.

Enfield Council notes:

Lord Deben, the CCC chairman, said: “[The targets] are remarkable and have set a major example [to the world]. But the policy is just not there. It’s very clear we need to step up very rapidly.”

Enfield Council already has its own ambitious Climate Action Plan, which looks to decarbonise our borough by 2040, a full 10 years ahead of the Government's national target. However, the Council cannot do this alone, particularly after a decade of deep cuts from successive Conservative Governments. Therefore, Enfield Council calls on the Government to:

- Tackle climate change as a priority and take meaningful steps to rapidly meet targets.
- Release the extensive funds needed by local authorities to fulfil Climate Action Plans right across the UK.

10. Motion in the name of Councillor Christine Hamilton

Wealth Tax

The Government's plan to fix the social care crisis' is yet more evidence that the current proposal was not the promise made in 2019. The proposal put forward by the Government is opposed across the country, even cabinet members are raising concerns about hitting low paid workers. The NHS/Care workers and lowest paid workers are the hardest hit of all through these changes.

This motion is to raise concerns from across the country to call on this Government to fund a new deal for social care, asking those with the broadest shoulders to pay the most. We are asking for the Government's plan to be changed as it is also doing nothing for disabled working age people with a cap on care costs benefiting on just a fraction of those who use social care.

Please support this motion.

11. Motion in the name of Councillor Nesil Caliskan

Afghan Refugees

Enfield Council believes that it is right that the UK Government welcomes Afghan refugees and should be doing everything it can to provide a safe passage for asylum seekers fleeing Afghanistan.

The London Borough of Enfield has a long history of being a place for those seeking sanctuary, arriving to start a new life.

We welcome the Afghan Refugee Resettlement initiative and we are proud that Enfield Council has made an offer to find homes for over 150 individuals and families from Afghanistan as part of the programme.

Enfield Council calls on the Government to ensure that proper collaboration with and funding to councils and its partner organisations are immediately accessible and at adequate levels to ensure that the appropriate support for the needs of all those fleeing Afghanistan is available.