Public Document Pack

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THE CABINET

Wednesday, 8th December, 2021 at 7.15 pm in the Conference Room, Civic Centre, Silver Street, Enfield, EN1 3XA

Membership:

Councillors : Nesil Caliskan (Leader of the Council), Ian Barnes (Deputy Leader of the Council), Rick Jewell (Cabinet Member for Environment), Nneka Keazor (Cabinet Member for Community Safety & Cohesion), Guney Dogan (Cabinet Member for Commercial Services), Mary Maguire (Cabinet Member for Finance & Procurement), Alev Cazimoglu (Cabinet Member for Health & Social Care), George Savva MBE (Cabinet Member for Licensing & Regulatory Services), Gina Needs (Cabinet Member for Social Housing), Mahtab Uddin (Cabinet Member for Children's Services), Ahmet Hasan (Associate Cabinet Member (Enfield North)), Mustafa Cetinkaya (Associate Cabinet Member (Enfield South East)), Katherine Chibah (Associate Cabinet Member (Enfield West)) and Ergin Erbil (Associate Cabinet Member (Non-geographical based))

Associate Cabinet Members

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

Mustafa Cetinkaya (Associate Cabinet Member – Non Voting), Katherine Chibah (Associate Cabinet Member – Non Voting), Ergin Erbil (Associate Cabinet Member – Non Voting) and Ahmet Hasan (Associate Cabinet Member – Non Voting)

NOTE: CONDUCT AT MEETINGS OF THE CABINET

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

AGENDA – PART 1

1. APOLOGIES FOR ABSENCE

2. DECLARATIONS OF INTEREST

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

3. DEPUTATIONS

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

4. MINUTES (Pages 1 - 8)

To confirm the minutes of the previous Cabinet meeting held on 13 October 2021.

5. MERIDIAN WATER ESTATE MANAGEMENT AND PLACE KEEPING STRATEGY (Pages 9 - 84)

A report from the Executive Director Place is attached. **(Key decision – reference number 5309)**

6. MERIDIAN WATER RESIDENTIAL DELIVERY PROGRAMME (Pages 85 - 152)

A report from the Executive Director Place is attached. **(Key decision – reference number 5252)**

7. QUARTERLY REVENUE MONITORING 2021/22 QUARTER 2 (Pages 153 - 216)

A report from the Executive Director Resources is attached. **(Key decision – reference number 5338)**

8. QUARTERLY CAPITAL MONITORING 2021/22 QUARTER 2 (Pages 217 - 240)

A report from the Executive Director Resources is attached. **(Key decision – reference number 5340)**

9. QUARTERLY HRA MONITORING 2021/22 QUARTER 2 (Pages 241 - 260)

A report from the Executive Director Resources is attached. **(Key decision – reference number 5341)**

10. HRA BUSINESS PLAN - MID YEAR UPDATE (Pages 261 - 284)

A report from the Executive Director Resources is attached. **(Key decision – reference number 5342)**

11. CABINET AGENDA PLANNING - FUTURE ITEMS (Pages 285 - 288)

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

12. DATE OF NEXT MEETING

To note that the next meeting of the Cabinet is scheduled to take place on Wednesday 19 January 2022 at 7.15pm.

MINUTES OF THE MEETING OF THE CABINET HELD ON WEDNESDAY, 13 OCTOBER 2021

COUNCILLORS

PRESENT	Nesil Caliskan (Leader of the Council), Ian Barnes (Deputy Leader of the Council), Rick Jewell (Cabinet Member for Environment), Guney Dogan (Cabinet Member for Commercial Services), Mary Maguire (Cabinet Member for Finance and Procurement), Alev Cazimoglu (Cabinet Member for Health and Social Care), George Savva MBE (Cabinet Member for Licensing and Regulatory Services), Gina Needs (Cabinet Member for Social Housing), Ahmet Hasan (Associate Cabinet Member for Enfield North), Mustafa Cetinkaya (Associate Cabinet Member for Enfield South East) and Ergin Erbil (Associate Cabinet Member - Non-geographical)
ABSENT	Nneka Keazor (Cabinet Member for Community Safety and Cohesion), Mahtab Uddin (Cabinet Member for Children's Services) and Katherine Chibah (Associate Cabinet Member for Enfield West),
OFFICERS:	Ian Davis (Chief Executive), Fay Hammond (Executive Director Resources), Sarah Cary (Executive Director Place), Tony Theodoulou (Executive Director People), Jeremy Chambers (Director of Law and Governance), Melanie Dawson (Senior Solicitor), Neil Best (Head of Strategic Resourcing Partnerships - Education), Doug Wilkinson (Director of Environment & Operational Services) and Peter Robinson (Environment) Jane Creer (Secretary)
Also Attending:	Councillor Glynis Vince, local press representatives and officers observing

1
APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Mahtab Uddin, Nneka Keazor and Katherine Chibah.

2
DECLARATIONS OF INTEREST

There were no declarations of interest.

3
DEPUTATIONS

NOTED that no requests for deputations had been received for presentation to this Cabinet meeting.

4
MINUTES

AGREED that the minutes of the previous meeting of the Cabinet held on 15 September 2021 be confirmed as a correct record.

5
POLICY FOR THE DISPOSAL AND USE OF VACANT SITE MANAGERS' RESIDENTIAL DWELLINGS AT COMMUNITY SCHOOLS

In Councillor Uddin's absence, Councillor Nesil Caliskan (Leader of the Council) introduced the report of the Executive Director People seeking approval for alternative use and selective disposal of site managers properties owned and managed by the Council.

NOTED

1. The purpose of the proposals was confirmed, and attention drawn to the sites identified in Appendix A to the report.
2. Officers advised there was now an additional site with a vacant residence, and this was an ongoing process.
3. It was confirmed that schools had the right not to declare a site surplus to their requirements, that each school would be engaged with appropriately, and consideration was on a site by site basis.

Alternative Options Considered:

1. To adopt a policy where all occupied school site managers' dwellings deemed to be suitable for disposal are sold with immediate effect. This is not a preferred option given the terms and conditions of employment of residential site managers.
2. To allow the school to retain 100% of the disposal receipt. The properties are part of the Council's Education estate portfolio and given demands on existing capital grant funding to undertake works to maintain and expand provision it is proposed that a significant proportion of the capital receipt contributes to the Council's priority objectives and statutory duty to provide school places.
3. For the Council to retain 100% of the disposal receipt. It is recognised that capital funding for schools has been reduced in recent years and that schools are facing significant challenges when prioritising essential condition / health and safety works. It is therefore proposed that a proportion of the receipt be used to fund clearly identified condition works to improve the teaching and learning environment particularly where this provides opportunities for increased community use and income generation. This will provide a longer-term benefit to schools an incentivise them to declare the houses surplus to their education requirements which

we be required to change the lease. This will be required prior to seeking DfE consent for disposal.

4. Do nothing. The lack of clear guidance relating to these dwellings has caused some confusion and uncertainty in recent years and left properties unused. It is therefore important to have a clear and transparent policy in place in order that schools and the Council are fully aware of all implications. The absence of a clear approach to manging these dwellings has resulted in the council having to fund the costs associated with vacant properties.

DECISION: The Cabinet agreed

1. To approve the approach to manage vacant site managers residential dwellings as set out in the report.
2. That all proceeds from the sale of a site manager’s house, less any reasonable and pre-agreed costs incurred in achieving the disposal, will be ringfenced for the Education Capital Maintenance programme and in particular provision of additional Special Education Needs places.
3. That the Cabinet Member for Children’s Services approves in principle any recommended disposals or repurposing of the vacant properties, thereafter the Cabinet Member for Finance & Procurement approves for disposal any property that is recommended for disposal.
4. To allow the Director of Education on behalf of Enfield Council to approach the DfE and obtain the necessary consent for disposal of Education land.
5. The report sets out a process for the future of all vacated site managers’ houses to be considered to ensure the best use of the assets.
6. That Cabinet will review progress on implementation of this strategy in six months following approval.

Reason:

1. The need to lay out a clear and consistent procedure going forward to allow the decisions to be made expediently so that benefits of the asset are quickly realised.
2. To ensure that all schools with site manager houses are treated consistently and fairly.
3. To ensure that land and buildings within the education estate are used to provide benefit to the Education Service and schools directly.
4. To provide additional residential properties where possible to meet the demand for housing within the borough.
5. To assist the Local Authority by providing additional funding through disposal by way of capital receipt to improve and extend the education estate specifically through investment in delivering additional SEND places.
6. To assist in funding the delivery of additional statutory places within Enfield so local children can be educated in our communities.
7. To assist the Council in alleviating pressure on budgets by realising a capital receipt and reinvesting this in to the Education Capital Programme

(Key decision – reference number 5373)

6
NEW CEMETERY PROPOSAL : SLOEMANS FARM BURIAL GROUND

Councillors Nesil Caliskan (Leader of the Council) and Guney Dogan (Cabinet Member for Commercial Services) introduced the report of the Executive Director Place seeking approval to proceed with the development of a new burial ground.

NOTED

1. The proposals were put forward in recognition of the shortfall in burial capacity in the borough and meeting local communities' needs.
2. Residents would be provided with a natural/woodland burial option.
3. The proposals made good commercial sense.
4. It was confirmed that the National Planning Policy Framework considered cemeteries as "appropriate development" on green belt, and that the proposals would be in line with the Enfield Local Plan.
5. Benchmarking against other local authorities confirmed the expected income generation.
6. Progressing this option would considerably lessen the need for the other potential sites for burial space in the borough to be pursued.
7. The full burial needs assessment was available for further information.
8. Members raised the point that the needs of the borough must be articulated accurately in supporting documents, reflecting the diversity of our faith community, including the Alevi community in Enfield.
9. The Leader confirmed that the provision would be multifaith and there would be further engagement with all faith groups in relation to their needs.

Alternative Options Considered:

NOTED the detailed options considered as set out in paragraphs 110 to 121 of the report.

DECISION: The Cabinet agreed to

1. Approve the project for the development of a burial ground at Sloemans Farm, Whitewebbs Lane, Enfield, using landscaping - soil importation processes on site to improve and landscape the whole farm area.
2. Re-allocate £1,800,000 from the cemetery/ crematorium budget within the 10-year capital programme to cover the design, project management, staff and construction costs. To note that the business case models the project costs to be funded through royalty income from soil recycling processes.
3. Delegate authority to approve the final scheme proposal to the Director of Environment and Operations, in consultation with the Cabinet Members for Commercial Services and Environment.
4. Delegate authority to approve the procurement strategy for the delivery of the scheme to the Director of Environment and Operations in consultation with the Executive Director for Resources and the Director of Law and Governance.

5. Delegate authority to award and enter into the main build contract, professional service contracts, and any other ancillary documents and consents required in relation to the development of scheme up to the maximum total value of £1,800,000 Director of Environment and Operations. Form of contract to be agreed by Director of Law and Governance.

Reason:

NOTED the detailed reasons for the proposals as set out in paragraphs 8 to 16 of the report.

(Key decision – reference number 5380)

7
QUARTER 1 2021/22 PERFORMANCE REPORT

Councillor Ian Barnes (Deputy Leader of the Council) introduced the report of the Executive Director Resources setting out the progress made towards delivering the key priority indicators for Enfield.

NOTED

1. The report reflected the impacts of the pandemic and recovery. It showed the pressure points, and the focuses of targeted work and action plans.
2. Progress and improvements were highlighted, including on numbers in temporary accommodation.
3. In respect of areas of concern, updates were provided on measures in place in respect of telephony and customer services; waste and recycling; and Freedom of Information requests, MEQs and complaints.
4. It was requested that Members be kept updated on Registrars telephony wait times.
5. The Leader had raised domestic abuse and hate crime increases with the new Borough Commander.

Alternative Options Considered:

Not to report regularly on the Council's performance in a public report. This would make it difficult to assess progress made on achieving the Council's main priorities and to demonstrate the value for money being provided by council services.

DECISION: The Cabinet agreed to note, for information only, the progress being made towards delivering the key priority indicators for Enfield.

Reason:

The report is part of the Quarterly timetable for Cabinet to review performance.

(Non-Key)

8
MEDIUM TERM FINANCIAL PLAN UPDATE 2022/23 TO 2026/27

Councillor Mary Maguire (Cabinet Member for Finance & Procurement) introduced the report of the Executive Director Resources, providing an update on the Medium Term Financial Strategy and bringing forward early savings proposals to balance the 2022/23 budget.

NOTED

1. This report was the beginning of the 2022/23 budget setting process, and brought forward early savings proposals. Pressures were challenging, and work continued with departmental managers. There were significant budget gaps, but savings put forward were realistic and achievable.
2. Inflationary pressures and the National Insurance surcharge had been taken into account. Advice of Treasury advisors was regularly taken in respect of interest costs.
3. It was noted that the London Business Rate Pool would not be operating in 2022/23, but Enfield had been in discussions regarding a geographical rates pool. An expression of interest had to be made by tomorrow. Cabinet were asked to agree an additional recommendation in respect of this, to give delegated authority to join in principle subject to due diligence around the risks of membership, noting the opportunity to withdraw from the pool within 28 days. It was confirmed that satisfactory governance arrangements were in place.
4. There would be a further Medium Term Financial Plan update in December, and further savings proposals.

Alternative Options Considered:

None, the Council is statutorily required to set a balanced budget and the report is a step towards this.

DECISION: The Cabinet agreed to

1. Note the late commencement of the 2021 Comprehensive Spending Review.
2. Note the timing of the implementation of Fair Funding and the Business Rates reset.
3. Note that the London Business Rate Pool will not be operating in 2022/23.
4. Note the funding and spending pressures set out in the report.
5. Approve early savings proposals of £4.966m set out in Appendix Three
    - £4.366m from efficiencies and,
    - £0.600m from income generation.
6. Note the current forecast funding gap of £10.532m in 2022/23 and £44.161m across the medium term after taking the savings proposals into account.

7. Note the anticipated ongoing investment in Adult Social Care and Children's Services required to meet demand pressures.
8. That subject to necessary due diligence being undertaken to assess the benefits and risks of membership:-
   • Cabinet agrees to submit an in principle expression of interest to join the smaller London business rate pool; and
   • Delegates authority to Executive Director of Resources, in consultation with the Leader and the Cabinet Member for Finance and Procurement to commit to the business rate pool should the Executive Director of Resources consider this to be in the best interest of the Council; and
   • Notes the opportunity to withdraw from the pool within 28 days following the Government's spending review announcement.

Reason:

The Council has a statutory duty to approve a balanced budget for 2022/23 in February along with consideration of the finances over the medium term and the Council's reserves and balances. It is essential that there is a clear understanding of the anticipated income and expenditure flows for the Council, despite the uncertainties, and for proposals for savings to come forward early to ensure full delivery from 1 April 2022 or indeed to also contribute to addressing the financial pressures in 2021/22.

(Key decision – reference number 5337)

9
CABINET AGENDA PLANNING - FUTURE ITEMS

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

10
DATE OF NEXT MEETING

NOTED that the date of the next meeting of the Cabinet was to be confirmed.

The Leader of the Council took the opportunity to welcome Netflix to the borough, and to thank Cabinet Members and officers for their hard work to secure their residency.

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London Borough of Enfield

Cabinet

Meeting Date: 8 December 2021

Subject: Meridian Water Estate Management & Place-keeping Framework
Cabinet Member: Cllr Nesil Caliskan
Executive Director: Sarah Cary

Key Decision: KD5309

Purpose of Report

1. To present the Meridian Water Estate Management and Place-keeping Framework and seek approval for its implementation. The Framework is needed to ensure the estate is well run and maintained to a good standard, for resident safety and satisfaction. Approval of the Framework will enable an Estate Management Strategy to be developed and brought back to Cabinet later in 2022.

Proposal(s)

2. Approve the Estate Management and Place-keeping Framework at Meridian Water, as set out in this report and appendices.

3. Notes the establishment of the internal Meridian Water Estate Management governance board.

4. Notes that a report will be brought back to Cabinet later in 2022 seeking approval for the Meridian Water Estate Management Strategy as well as providing an update on progress.

5. Approve the formation of an Estate Management Company limited by guarantee for the purposes of mobilising and delivering estate services at Meridian 1 and 2.

6. Delegate to the Meridian Water Programme Director (in consultation with the Director of Law and Governance) to finalise the constitutional documents of the Estate Management Company and other such matters as are necessary to (i) incorporate and register the company and (ii) facilitate the objectives identified in this report.

7. Approve the principle of extending a working capital facility estimated at £355k treated as a loan from the General Fund reflecting the estimated costs to be covered until such time as sufficient service charge income is generated and on the proviso a satisfactory Business Plan is submitted to demonstrate the loan can be repaid with interest, within a reasonable timeframe with no cost to the Council.

Reason for Proposal(s)

8. Meridian Water is a complex regeneration scheme being master planned across ten or more phases, with multiple partners involved. It aims to bring 10,000 new homes, 6,000 jobs, and a high-quality new neighbourhood woven through new green space

and existing waterways. Enfield Council through the Meridian Water team will oversee this mixed-use mixed tenure scheme, with homes and commercial space brought forward by the Council itself as well as by developers, investors and in partnership with Registered Providers.

9. The Estate Management and Place-keeping Framework combines the practical considerations of maintaining a good quality, built environment and public realm, alongside the need to build a coherent new community. This vision and its principles will be shaped and overseen by Enfield in its role as steward of the Meridian Water estate.

10. The Framework sets out the strategic direction for estate management across the entirety of Meridian Water, while making provision for the first phases being developed at Meridian 1 and 2. The principles and proposals set out within this report will subsequently be developed into a more detailed strategy that will be brought back to Cabinet later in 2022.

11. The core principles sitting behind the Estate Management and Place-keeping Framework are:

- **Consistency of Standards** – must be based on industry leading best practice and focused on outcomes. Ensuring there is a consistent quality of standard across Meridian Water will achieve the Council's requirement of a 'tenure blind' development.

- **Affordability** – services must seek to deliver affordability to all residents and provide value for money.

- **Safety** – the Building Safety Bill (due to be in force in 2023) and Fire Safety Act will apply and be incorporated into the estate management approach.

- **Equality and diversity** – services and facilities will be accessible to all residents regardless of tenure or means and must reflect the diverse requirements of the community.

- **Community wealth building** – services will seek to ensure local employment, skills and training opportunities either directly or through social value benefits in externally delivered contracts. Service providers must be committed to supporting training and development opportunities, and as far as possible service providers will be sourced locally.

- **Performance and transparency** – management of Blocks will be monitored by the Estate Management Governance Board and action taken where performance doesn't meet expectations.

- **Environmental Sustainability** – services will seek to work towards the Enfield Climate Action Plan and Meridian Water Environmental Sustainability Strategy.

12. The proposed Estate Management and Place-keeping Framework can be summarised as:

- Enfield Council will act as stewards, working in partnership with residents, development partners, stakeholders, and the voluntary sector.

- The Council will retain overall control of estate management through an internal senior officer Estate Management governance board that will report into the Meridian Water Executive Board. An estate management stakeholder group will be established to give residents and landlords a voice, this will report into the aforementioned Estate Management governance board.

- The expectation will be that the entirety of the Meridian Water public realm: roads, parks, bridges, squares etc will be adopted by the Council and managed by council officers except where it is not possible to do so (e.g. on Meridian 1 and 2).

- Active citizenship will be encouraged in order to achieve higher standards of management and maintenance whilst balancing affordability to the Council e.g. the establishment of a Meridian Water 'friends of parks' group.

- The Estate Management board will continue to review and refine adoption standards to balance quality standards with long-term affordability to the Council. This work could influence the approach for other new build developments.

- The Council will seek to work with strategic and local third sector and voluntary organisations to manage the Meridian Water public realm

- That all affordable housing blocks will be managed by either the Council, housing associations or a resident led appointment, and quality standards will be achieved whilst balancing affordability to residents.

- Private block managers will be encouraged to appoint local companies / council services.

- A Council established company will be established to run Meridian 1 and 2 in order to comply with contractual requirements, the performance of the company will be monitored by the Council.

- Any additional council roles that need to be created as Meridian Water grows will aim to be recruited locally

Relevance to the Council's Plan

13. The Meridian Water Estate Management and Place-keeping Framework supports the delivery of the following Council Plan priorities:

    - Enfield Council Plan 2020-2022
    - Enfield Council Commercial Framework 2018
    - Enfield Council Economic Development Framework 2021
    - Enfield Council Green & Blue Framework 2021
    - Meridian Water Employment Framework 2020
    - Meridian Water Environmental Sustainability Strategy 2020
    - Meridian Water Reserved Matters Application for Phase 1a and Outline Planning Permissions for Phase 1 and Phase 2

14. The Estate Management and Placekeeping Framework supports the Meridian Water Employment Strategy, generating the need for employment on site, as well as offering the opportunity to deliver on wider objectives within the Meridian Water

Environmental Sustainability Strategy such as increasing resident recycling rates, promoting the circular economy, and reducing operational carbon emissions.

Background

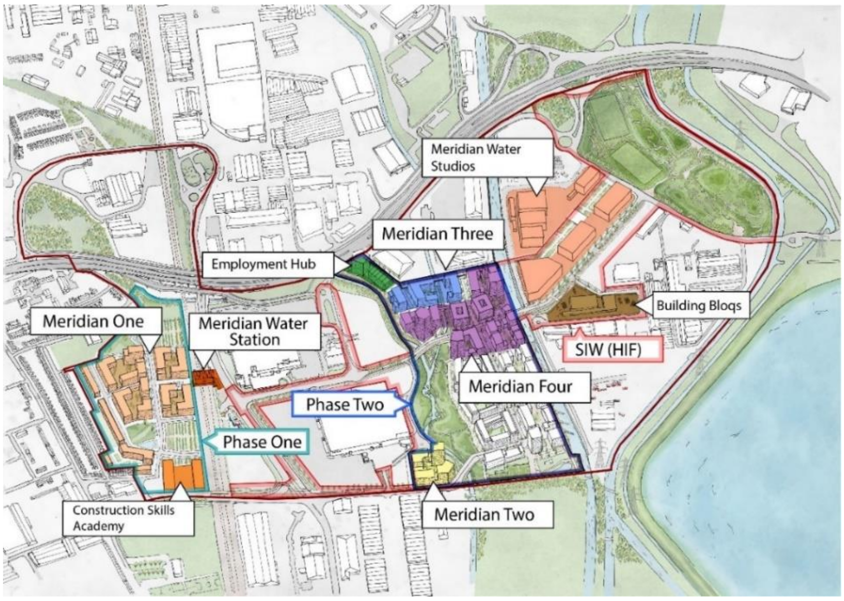
15. Enfield Council has taken control of the vision for Meridian Water and is acting as master developer, in order to deliver 10,000 homes and 6,000 jobs across under-utilised brownfield and big box retail sites. This proactive approach to regeneration will see the Council partner with a mix of developers, investors and housing associations to deliver a high-quality mixed tenure, mixed use development, while ensuring maximum benefit for rate payers and residents.

16. Meridian Water lies in proximity to the North Circular and M11 roads, while also sitting next to Tottenham and Edmonton Marshes, and is bisected by two brooks, a canal and a flood relief channel for the River Lea. This mix of geographies needs to be planned for from an operational and management perspective, using available outline planning documents and approved plans for guidance. Partnership working with the Environment Agency, Canals and Rivers Trust, Thames Water and other statutory bodies will also be required, to collaboratively deliver consistent place management.

17. To date, Meridian Water has delivered a new rail station, a new Primary School, film studios, a music venue, affordable workspace and development partner Vistry are now on-site building homes at Meridian One. The team were successful in winning £170m funding from the Government's 'Housing Infrastructure Fund', to commence Strategic Infrastructure Works which will further unlock the site and deliver new roads and parks.

18. Whilst the report sets out proposals for the estate management of Meridian 1 and 2, with the Council making good progress to bring forward Meridian 3 & 4 this framework will be used to guide how those developments will be managed.

Figure 1: Illustrative plan of Meridian Water



Main Considerations for the Council

19. Meridian Water is a complex, multi-phased scheme which will evolve over the next 20+ years. Development begins in earnest in 2021, with planning for subsequent phases and sub-phases. As the programme gains momentum, it will be increasingly important that decisions relating to ongoing management of the site can be taken in good time.

20. The Estate Management and Place-keeping Framework will guide the preparation of the Meridian Water estate management strategy which will be brought back to Cabinet later in 2022. The Estate Management Governance Board will oversee the development of the strategy.

21. The Estate Management Governance Board will be chaired by the Director of Meridian Water and will include Director/HOS level representation from the following areas: Housing, Environment and Operational Services, Property and Economy, Legal and Finance.

22. This report seeks agreement for the principles of building flexibility and continual learning into the management of Meridian Water. As schemes go live and are actively managed, a feedback loop will be created in order to monitor and improve over new phases.

23. The first land at Meridian Water to be adopted and managed by the Council will be the strategic and infrastructure works. The cost of managing these new areas will fall to the Council but will be met by the increased council tax and business rate receipts, generated by the new homes and businesses. The management of these adopted areas will inform the management of future sites that will get adopted.

<u>Meridian 1 and 2</u>

24. Enfield has legal obligation to set up an Estate Management Company (EMC) as set out the Meridian 1 and 2 Development Agreements with Vistry (approved in Key Decision 4864 and Key Decision 4952). Under the Development Agreement the EMC must be in place by February 2022.

25. An Estate Management Company (EMC) is an entity set up to manage an estate beyond the apartment blocks. In the case of Meridian Water 1 and 2 it would maintain, repair, sweep and clean the carriageways and footways, green spaces, parks and play areas, ensure the estate lighting is working, manage bin collections etc. The estate has been designed at a higher specification that that which might usually be adopted, which is why it is necessary that the areas around Meridian 1 and 2 are not adopted.

26. The management of the public realm and green spaces around the new homes at Meridian 1 and 2 will act as the showroom for the entire project and Meridian 1 will be the gateway to the railway station. These developments will therefore set the quality standard for future developments at Meridian Water.

27. It is recognised that in the early days after completion of Meridian One and Meridian Two, the entirety of these developments may not be occupied, as sales and lettings start to build. The void properties will still generate a service charge and rate liability, both from a block and an estate perspective. Homes within the head lease of the

developer (and their housing association partners) will be their responsibility to fund. Homes (or commercial space) owned or managed by Enfield Council will mean the Council are the service charge and rate payers.

28. This report acknowledges the need for funds to cover these void charges until such time as the Enfield properties are occupied, along with the cost of employing an estate manager and setting up the EMC.

29. The performance of the EMC will be monitored by the Estate Management Governance Board and changes made if necessary.

Safeguarding Implications

30. There are no identified Safeguarding implications arising immediately from this report. Estate management functions will build safeguarding processes into their operations.

Public Health Implications

31. All estate management Employees, Contractors and Service Providers will be required to abide by relevant Health & Safety Regulations and government led Covid-19 advice.

32. The Estate Management Operational Plan will provide risk assessments for estate common areas situated close to waterways, in order to mitigate any risk.

33. Meridian Water will promote health and well-being, and enhance the natural environment. It will do this by creating 8.5 hectares of new parks for Edmonton, along with 1.2 hectares of growing space and 6.9 hectares of play space. This will be supplemented by new health and fitness provision, meaning Meridian Water will provide ample new opportunity for exercise, social interaction, and social prescribing within the community.

34. The delivery of the Meridian Water as a well-run estate will increase opportunity for safe active travel and use of public transport. By discouraging vehicular use throughout the development it will reduce emissions and improve air quality.

Equalities Impact of the Proposal

35. The Public Sector Equality Duty 2011 requires public authorities, in the performance of their functions, to have due regard of the need to:

- Eliminate unlawful discrimination, harassment and victimisation and any other unlawful conduct in the Equality Act 2010
- Advance equality of opportunity
- Foster good relations

36. These aims will be embedded in the actions of the Estate Management Operational Plan.

37. Furthermore, Equality Impact Assessments are being undertaken prior to the set-up of the EMC to ensure all potential employees, contractors, residents and visitors are considered in relation to the delivery of equitable estate management. EqIA's will be reviewed and updated periodically.

Environmental and Climate Change Considerations

38. Through the Meridian Water Estate Management and Placekeeping Framework and the yet to be detailed Estate Management Strategy, climate change mitigation and environmental sustainability will be addressed through supporting the Meridian Water Environmental Sustainability Strategy including the following:

- Monitoring systems set up across blocks and the wider estate
- Increasing biodiversity and reducing pollution levels which are key ambitions of the scheme both in design and operation
- Supporting how sustainable lifestyle choices and low carbon behaviours are easy, affordable and attractive, eg. Active and Public transport, EV charging, incentives for energy efficiency and increasing recycling rates
  Investigation into renewable power contracts, 'Green' leases and water use reduction

39. Estate Management and Place-keeping activities at Meridian Water will generate opportunities for resident engagement and stewardship of the built and natural environment, working alongside procured services. This is expected to take place at the allotments and growing spaces, on residents clean up days, and in partnership with local 'Friends Of' groups, Waterways groups, and The Conservation Volunteers.

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

40. Legal risk - Inability to implement the Estate Management Company as outlined in the Development Agreement with Meridian One and Two developer Vistry, creating the potential for legal challenge for damages and potential financial penalties.

41. Reputational risk – if Meridian 1 & 2 are not managed to high standards it could deter partners on future sites and/or reduce land values.

42. Health & Safety risk – there needs to be specialist providers in place to conduct risk assessments and provide management plans, failure to do so presents a risk to residents, contractors, employees and visitors to the estate.

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

43. Risks remain but with the Council responsible for long-term stewardship there is the control to take corrective action.

44. Reputational risk – If the EMC does not manage the estate properly the Council may be blamed for things that the Council are not responsible for. The Reserved Matters Control and presence of Enfield Officers on the board will help manage this.

45. Financial risk – that council tax and business rates income is not sufficient in the early days to cover the cost of newly adopted areas.

Financial Implications

Summary – key impacts

46. The table below shows the key financial impacts known as at the date of this report on the Council and EMC cross referenced to supporting paragraphs. Further information around the proposed arrangement and financial implications are provided further below.

Item	Council impacts	EMC impacts	Para ref
Revenue account	£488k expenditure over 5 years to 2025/26 for infrastructure costs for adopted element and company administration. Based on initial estimates only – possibility of further expenditure Potential for further costs if EMC unable to repay loan.	£623k expenditure over five years to 2025/26 for estate maintenance and admin Funded by loan form Council £355k Service charge income required to ensure loan from Council can be repaid and all costs can be covered	55 - 57
Capital account	No impact	No impact	N/A
Debt	Council to loan EMC £355k with interest at 3½% p.a. to comply with State Aid rules	EMC takes loan to cover working capital requirements of three years. Repayments + interest to be funded from service charges.	61 - 63
Taxation	Advice required from VAT advisors to ensure relationships between entities set up correctly so VAT can be recovered.		64 - 66
All amounts are based on initial estimates which are subject to refinement as EMC is set up and relationships with Council and residents established together with lease conditions.			

Overview

47. Phases 1 and 2, consisting of 1,214 residential units, will be **unadopted**. EMC will be responsible for maintenance and upkeep of estate in return for service charge income from residents.

48. All remaining phases and units, residential and non-residential, would be the responsibility of the Council therefore **adopted.**

49. Early estimates indicate the cost of adopting all phases will be some £690k per annum (at current process) compared to an average of £110k for M1 and M2 over the first four years. As these are only provisional, these estimates are subject to potentially significant change.

50. Block Management Companies would have responsibility for invoicing and collecting service charges from residents and would assume the risk of uncollectable debts with the exception of HRA tenants in which case the Council's HRA collects these service charges then pays over to EMC, as currently done for managing agents at Electric Quarter. Service charges to HRA tenants appear within their total rent charged, and are typically considerably lower than charges to leaseholders.

51. For non HRA tenants EMC will invoice the small number of Block Management Companies and receive 100% of invoiced service charges thereby avoiding all risk of unrecoverable service charges; this income would offset the costs of estate maintenance, fund repayment of working capital support and other obligations with surpluses allowed to accumulate.

52. Council tax and NDR generated by residential and non-residential units have been estimated as these will have an impact on the Council's MTFP which will be submitted to Cabinet 9th February 2022.

53. It is not clear at this early stage if this income would be a net surplus or deficit for the Council as the magnitude and spectrum of Council services required for the scheme (Childrens' services, Adults Social Care, Maintenance etc) cannot be determined with sufficient accuracy.

54. Service charges cannot be accurately quantified until full cost information is available and charges are modelled through the service charge modelling process. The aspiration, however, is the service charges will be comparable to other estates within the Borough and comparatives are provided later in this section. Leases must expressly allow for service charges to be levied in respect of specific costs and the requirements of applicable legislation must be adhered to including consultation processes for major works in respect of which charges are to be recovered.

Revenue impact for General Fund

55. Estimated expenditure £441k (cumulative) over 5 years to 2025/26 made up of:

- **Infrastructure and company administration £441k –** estimated from environmental services and judgemental estimates

- **Loan not repaid in full** – the Council will provide temporary funding in the form of a loan (further details below) to the EMC until such time sufficient service charge income is being generated to fund expenditure and repay this loan to the Council with interest. The estimate of this loan is currently £355k based on 36 months cost exposure and interest is estimated at £47k over five years assuming an average borrowing rate of 3½% totalling some £400k. In the event the EMC cannot fully repay this the Council will incur a revenue cost equal to the outstanding amount therefore appropriate mitigations will be required to prevent this.

- **Provision £nil –** a charge to General Fund is normally required under *International Financial Reporting Standard 9 Financial Instruments* where the Council Guarantees the liabilities of a subsidiary. In this case the guarantee is £1 as it has been assumed EMC will become self-sufficient after initial Council support. The core assumptions are

    - EMC will receive 100% of service charges with no risk of non-payment and
    - these will be more than sufficient to cover all operating costs and repayments to Council and any other entities for working capital support
    - Block Management Companies, which will carry out the invoicing and administration of service charges, will carry the risk of non-payment from residents and return 100% of service charges to the EMC
    - external contractors are satisfied that EMC has a viable and sustainable business plan which does not require further guarantees beyond the £1 already provided by the Council

- **Additional expenditure unquantified** – although initial expenditure has been identified, introduction of additional units and residents will result in additional costs for the Council which will be included once quantified.

Revenue impact for EMC

56. Estimated expenditure £623k (cumulative) over 5 years to 2025/26 fully offset by Council support £355k and minimum service charge income expectation £268k :

- **Operating costs £623k** – comprising estate maintenance and upkeep £243k and staffing / admin costs £380k

- **Short term working capital support £355k –** as above which will be repaid when sufficient service charge income is being generated. Treated as a loan as set out below.

- **Service charges £268k minimum required before loan repayment**– these can only be estimated once the full cost base has been established. Costs would be assigned to units on an acceptable and equitable basis in line with applicable service charge legislation which requires fairness and transparency before charges can be implemented. Under the proposed structure EMC would invoice a small number of Block Management Companies who in turn would be responsible for invoicing and collecting service charges from residents.
The Block Management Companies would therefore carry the risk of non-payment, not the EMC, therefore there would no bad debt provision required.

- **Service charges £355k plus interest required** – additional charges to residents will be required equal to the Council loan support provided plus interest estimated at 3½% per annum. Legal advice indicates this can be legitimately charged to residents on proviso lease terms reflect these and it can be demonstrated the charges are fair and reasonable through the applicable consultation process. In the event the loan and interest cannot be repaid as a result of voids and/or residents' inability to pay, alternative arrangements will have to be made to ensure there is no cost to the Council.

Revenue impact - Summary

57. Table below sets out the additional estimated costs and income where -ve (negative) denotes income and +ve (positive) expenditure. The cumulative impact on Council's General Fund is given at the foot of the table and although this indicates a surplus, additional costs will materialise as referenced above.

Table 2: Indicative revenue budget impact (EMC and General Fund)

Indicative impacts on budgets £'000s	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**Total**
UNADOPTED ELEMENT (M1 & M2 1,214 residential units):						
Estate management/running costs*	55	154	146	138	130	623
Council support	-55	-154	-146	0	0	-355
To be met by EMC Serv Charges	0	0	0	-138	-130	-268
ESTATE MANAGEMENT COMPANY	**0**	**0**	**0**	**0**	**0**	**0**

ADOPTED ELEMENT:

Adopted element - Revenue expenditure	0	30	31	188	192	441
GENERAL FUND – GROSS COST	0	30	31	188	192	441

Unquantified costs :	**A growing population places additional pressures on Council and adopted elements above represent a sub section of these new costs. These will be brought into the MTFP over a number of financial years.**
***Annual estimated cost if all phases adopted £690k at 2021/22 prices**	

Details provided in appendix

Affordability of service charges

58. As stated above, service charges will be calculated once full cost information has been received and proposed charges have calculated and consulted on in line with the terms of the leases, established practice and applicable legislation whilst ensuring the full cost of services is recovered.

59. The aspiration is the eventual service charges to tenants and leaseholders will be comparable to those approved by Council 2nd March 2021 (KD 5212) as part of the HRA Business Plan and Rent setting report.

Capital budgets

60. No impact on Capital expenditure for Council or EMC.

Debt

61. The Council will extend working capital support estimated at £355k over three years to the EMC as permitted by under paragraph 5.15 of the Council's Treasury Management Strategy Statement (TMSS) (KD5211) approved by Cabinet 3rd February 2021.

62. This will be reflected in the form of a loan as a debtor and creditor in the accounts of the Council land EMC respectively and carry interest at 3½% in line with the Council's average cost of borrowing.

63. In accordance with the TMSS the EMC will submit a Business Plan demonstrating the viability of the enterprise, ability to repay the loan and interest within prescribed time horizons and that the working capital support will not be used to support capital expenditure.

Taxation

64. Corporation tax – EMC would be liable in so far as its profits are chargeable net of reliefs and offset of tax losses arising elsewhere in Group as applicable.

65. Income tax – to be deducted at source on any interest and dividend payments where relevant.

66. VAT

- Service charges to tenants and leaseholders – these are exempt from VAT under (HM Revenue & Customs regulation ESC 3.18.
- Service charges to freeholders – these are normally standard rated at 20% in which case the Council can recover VAT incurred on associated purchases. EMC may voluntarily exempt these from VAT but this will result in the associated input tax becoming irrecoverable by the EMC.
- Charges to the Council – as the EMC would be providing a service to the Council any charges for these services will be standard rated and the Council
- HM Revenue & Customs state Estate Management Companies are often in breach of VAT regulations due to confusion around the source of taxable supplies and the relationships and structure of group entities. Specialist VAT advice will therefore be sought once the structure has been agreed to ensure compliance with VAT regulations and optimising utilisation of tax losses to minimise or defer Corporation Tax losses.

<u>Council's Budget process</u>

67. Provisional estimates and timing of expenditure will be required to feed into Council's Medium-Term Financial Plan (MTFP) which will go to Cabinet as indicated below:

Report to Cabinet	**Date of meeting**
Quarterly Revenue Monitoring Q2	8th Dec 2021
MTFP Update, Draft 2022/23 Budget	8th Dec 2021
Council Tax and Business Rates Collection Fund	19th Jan 2022
Budget Report 2022/23 & MTFP 2022/23 to 26/27	9th Feb 2022

Legal Implications

68. Enfield Council's legal team alongside Trowers & Hamlins LLP have been consulted throughout the development of this Framework in order to determine best approach and alignment with existing legal agreements such as the Head lease. Advice in drafting the articles of association for the Estate Management Company has been provided by Trowers & Hamlins LLP.

Legal Powers

69. The Council entered into the Meridian One Development Agreement with Vistry on the 12th December 2019 under which it is obliged to set up the Estate Management Company (EMC). There is a similar obligation in the Meridian Two Development Agreement entered into with Vistry on 19th October 2021.

70. Section 1 of the Localism Act 2011 provides local authorities with the power to do anything an individual may do subject to a number of limitations (this is referred to as the General Power). A local authority may exercise the General Power for its own purpose, for a commercial purpose and/or for the benefit of others.

71. The incorporation of EMC and making a loan to it would be an appropriate exercise of the General Power. Section 4 of the Localism Act 2011 requires that where a local authority exercises/uses the general power for a commercial purpose it must do this

through a company. Though the Council seeks not to lose money through these arrangements there is a reasonable argument that it is not acting for a commercial purpose. Its objective in incorporating EMC and lending to it is to further its policy objectives of delivering a new community at Meridian Water.

Fiduciary Duties

72. The Council's fiduciary duties could be briefly summarised as it acting as a trustee of tax and public sector income on behalf of its rate and tax payers. The Council in effect holds money but does not own it, it spends money on behalf of its business rate and council tax payers.

73. In making the decisions concerning the formation of the EMC [and loans to that body (and similar activities)] decision makers should give proper consideration to the risks and rewards of approving the proposals (and subsequently the final terms of the loan).

74. Consideration should also be given to whether the Council's involvement in this arrangement [(particularly the provision of the proposed loan)] is proportionate and the risks and costs are properly balanced against the anticipated benefit in furthering the policy of developing Meridian Water and increasing the housing supply; as well as consideration being given to the wider interests of the Council's local business rate and tax payers.

75. On a practical basis this means consideration should be given as to whether the monies requested for lending to EMC could be better used by the Council for the wider interests of its local tax payers. This should include considering the impact on the Council (and therefore its local tax payers) if EMC became insolvent or otherwise defaulted on any loan it takes from the Council.

Subsidy Control

76. It is envisaged that the Council will make a loan facility available to the EMC. Detailed legal implications will be provided in any subsequent authority report approving the terms of such loan. Subsidy Control replaced state aid in Britain from 11pm on 31 December 2020. The objectives of Subsidy Control and state aid are similar in that they seek to ensure that public funding/subsidies are efficient, further public policies and avoid distortion in competition.

77. The existing Subsidy Control requirements apply through section 29 of the European Union (Future Relationship) Act 2020 which incorporates subsidy provisions from an EU/UK treaty. The government has introduced the Subsidy Control bill which will, when enacted, provide a more detailed Subsidy Control legal framework.

78. A loan made on market terms would not give rise to subsidy. When the final terms of the loan are settled (prior to it being executed) officers should seek advice/evidence that the agreed terms are on market or alternatively on how they could structure any subsidy to be lawful.

79. The proposed EMC must adhere to the general principles and requirements of company law as set out in the Companies Act 2006 and associated legislation. The EMC will be established as a Company limited by guarantee.

80. The proposed EMC is only intended to be wholly owned by the Council for a transition period. The EMC's main task is to manage the estate at Meridian 1 and 2

in the interests of future residential and commercial property owners/investors and existing residents, together with managing costs on their behalf.

81. The Company is therefore unlikely to be considered to exist to meet ‘needs in the general interest’ and other tests set out for a ‘body governed by public law’ set out in paragraph 2 of the Public Contracts Regulations 2015. On that basis, it would fail to meet all the tests of it being a contracting authority and will fall outside of the Council’s Contract Procedure Rules and Property Procedure Rules. Officers should monitor this to ensure this remains the case.

82. It is anticipated EMC will adopt a transparent and robust procurement Framework.

83. Any legal document entered into as a result of the authorities contained in this report (including the constitutional documents of the EMC) must be approved in advance by Legal Services on behalf of the Director of Law and Governance.

84. Any adoption of highways within the Meridian Water development will be subject to the relevant provisions of the Highways Acts and a matter for the Council in its capacity as Highways Authority.

Workforce Implications

85. The Estate Management and Place-keeping Framework has been developed in consultation with Officers from all areas of Meridian Water, along with valuable input from Council colleagues in Highways, Traffic & Transport, Public Realm, Parks, Housing, Property Services, Waste and Community Safety.

86. Senior Officers from Enfield will sit on the Estate Management Project Board, and where ongoing Project Management required this will facilitated by a Meridian Water Regeneration Manager.

87. As further areas of Meridian Water be adopted (or managed through tendered contracts or Service Level Agreements), there will be additional workforce implications, to be detailed by the relevant teams as appropriate with an emphasis on local employment where new roles are created.

Property Implications

88. This is a Framework report which sets out the most appropriate way to manage the Meridian Water estate via an arms-length company. It will manage the estate for the benefit of all, in accordance with the Articles of Association which will enshrine Enfield’s goals relating to environment, sustainability, and a place to live and grow.

89. Further documents and contracts will flow from this Framework which will have detailed property implications, and each will require comment by Strategic Property Services in due course. This will ensure alignment with the Councils Property Procedure Rules, Strategic Asset Management Plan, other relevant property policies, and best practice in estate management.

Other Implications

None to note.

Alternative Options Considered

90. Option 1: Do nothing.

91. This is not an option as Meridian Water will require multiple levels of management to ensure a safe and pleasant environment for residents and visitors. A management plan is a contractual obligation with the developer, and the management of the estate as it currently stands sits within the Meridian Water team, therefore a precedent is set.

92. Option 2: Run all estate management for Meridian Water directly from Enfield, without an EMC in place. As Meridian One and Meridian Two are to be private estates this would require consent from the developer and internal agreements within the Council to deliver services. It is unlikely that Vistry would provide consent for a number of commercial reason, including the risk to sales.

93. This is not an option as it runs contrary to the commercial position presented when developers were invited to bid for the opportunity. The establishment of an Estate Management Company was written into the Development Agreement and Head leases.

Conclusions

94. This Framework sets out a strong set of principles that will guide the management of Meridian Water for years to come. The Council will act as long-term stewards of the Meridian Water estate working in partnership with stakeholders, residents, the voluntary sector and private sector partners.

95. The preparation of the ensuing Meridian Water Estate Management Strategy will enable the principles within this report to be developed into a more detailed set of proposals, that can be considered by Cabinet later in 2022.

Report Author: Annette Russell annette.russell@enfield.gov.uk

Date of report: 2nd November 2021

Appendices

Appendix 1: Meridian 1 and 2 EMC & Adoption overview
Appendix 2: Legislative Context
Appendix 3: Confidential Appendix Financial Impacts
Appendix 4: Confidential Appendix Service Charge benchmarking
Appendix 5: Confidential Appendix DRAFT Estate Management Operational Strategy
Appendix 6: Confidential Appendix DRAFT EMC Articles of Association

Background Papers

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

Key Decisions 4864 & 4952 for Meridian 1 and 2/Subsequent Development Agreements
Meridian One/Meridian Two Draft Head lease
Phase 2 Design Code
Phase 1a Landscape specification

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London Borough of Enfield

Cabinet

Meeting Date: 8 December 2021

Subject: Meridian Water Estate Management & Place-keeping Framework
Cabinet Member: Cllr Nesil Caliskan
Executive Director: Sarah Cary

Key Decision: KD5309

Appendix 1: Meridian 1 & 2 Estate Management Company and Adoption overview

Establishing an Estate Management Company for Meridian 1 and 2

1. The ‘Estate Management Company’ (EMC) is contractually required under the Council’s agreement with Vistry, and will also be required as a party to head leases, and to enter into energy agreements with Energetik.

2. The Council will have a minimum of two seats on a board of Directors, “the Golden Vote” during the development period and “Reserved Matter Control” (Cabinet should note the explanations of these terms in the commentary below), in order to have the ability to retain control and ensure a quality environment for residents. There may eventually be up to 11 Directrs on the board, representing all tenures and interests, commercial and residential, head leaseholders and their occupiers.

3. The Council will have the right to appoint a majority of the directors and so control the board. Discussion is ongoing as to how that will function bearing in mind the overall development of the estate will proceed in a number of phases over more than 10 years. **(“the Golden Vote”).**

4. The Council will maintain the ability to veto any changes to the constitution of the Estate Management Company. It is also intended that the Council will retain negative control in relation to a number of ‘reserved matters’. These have yet to be negotiated, but the intention is that it will allow the Council to prevent the Estate Management Company doing certain things into the future. So, for instance a reserved matter could be the appointment of a contractor over a certain value, any changes to the business plan, etc. **(“Reserved Matter Control”).**

5. Once the board of the Estate Management Company is set up then the Council’s influence over it will be diluted increasingly as more memberships are allocated. However, the Council will always retain the right to appoint certain members of the board, and also its Reserved Matter Control as detailed above.

6. The Estate Management Company itself will have the benefit of ‘step in’ rights after completion under the head leases, in order to have the ability to retain a degree of control and ensure a quality environment for residents whose blocks will be run by the Block Management Companies owned by the residents of the particular block **(“the EMC Step-in Right”).**

7. The Estate Management Company is expected to use the corporate form of a company limited by guarantee. This form of company is often used for management companies, and also where the company is intended to operate on a not for profit basis. Companies limited by guarantee have members rather than shareholders, but the rights of the members are similar to those of shareholders, and in particular allow the appointment of the board of the company.

<u>The Estate Management Company's relationship with Block Management Companies</u>

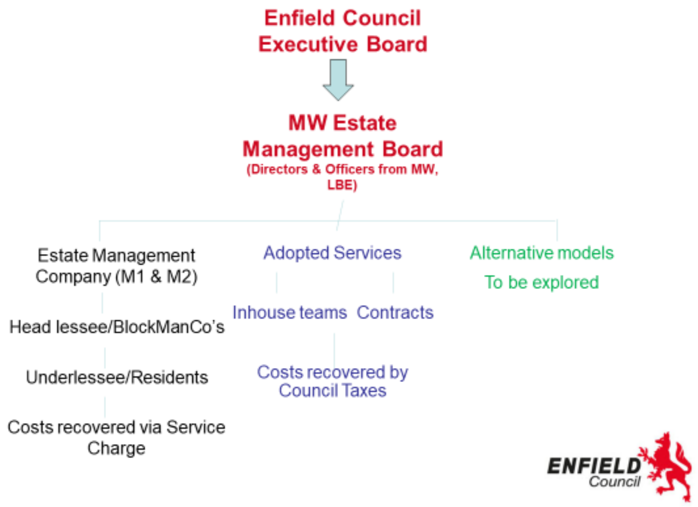
8. When first set up the Estate Management Company will be wholly owned by the Council. We anticipate that shortly after set up Vistry will become a member as well. Further memberships of the Estate Management Company will be allocated once blocks reach practical completion. Members will, by way of example, include purchasers of homes, Registered Providers who buy affordable, Build to Rent Providers that buy blocks, future developers, etc. Those different types of purchaser will have the ability to appoint representatives to the board of the Estate Management Company. It is anticipated that there will be a total of up to 11 directors on the board of the Estate Management Company in due course. This is to ensure representation across all tenures (head leaseholders and residents), as well as commercial and residential interests.

9. Plot developers will treat their long leasehold in much the same way as they would a freehold, in terms of the consideration of investment value. Long leaseholders will retain the right within their head lease to the management of their buildings, which enables them to set and monitor standards. It is normal for the long leaseholders to set up Block Management Companies to manage individual blocks, recharging the residents for the costs, (along with the wider Estate Service Charges), as part of a multi-schedule Service Charge statement. Once a critical mass of residents is in occupation, and if they consider the blocks are not suitably managed, they are able to take on the management themselves, as part of their statutory 'Right to Manage'.

10. Should the Estate Management Company become dissatisfied with the quality of service provision by the Block Management Company, it can request they remedy the situation. If they do not to the required standard, the Estate Management Company can draw upon its EMC 'Step in Rights' in order to resolve and be reimbursed for so doing. As an ongoing board member of the Estate Management Company the Council can always propose to the board of the Estate Management Company that such action be taken. However, the decision to exercise the right is ultimately that of the Estate Management Company.

11. The remainder of the estate outside the plots and blocks will fall upon the Council (if adopted) or the Estate Management Company (if not) to manage and maintain. The Council also intends to remain the freehold owner of the estate. The proposed Meridian Water Estate Management Governing Board will explore other avenues of delivery (see Fig. 2 Organogram).

Figure 1: Organogram of links between Enfield Council and possible models of delivering estate management

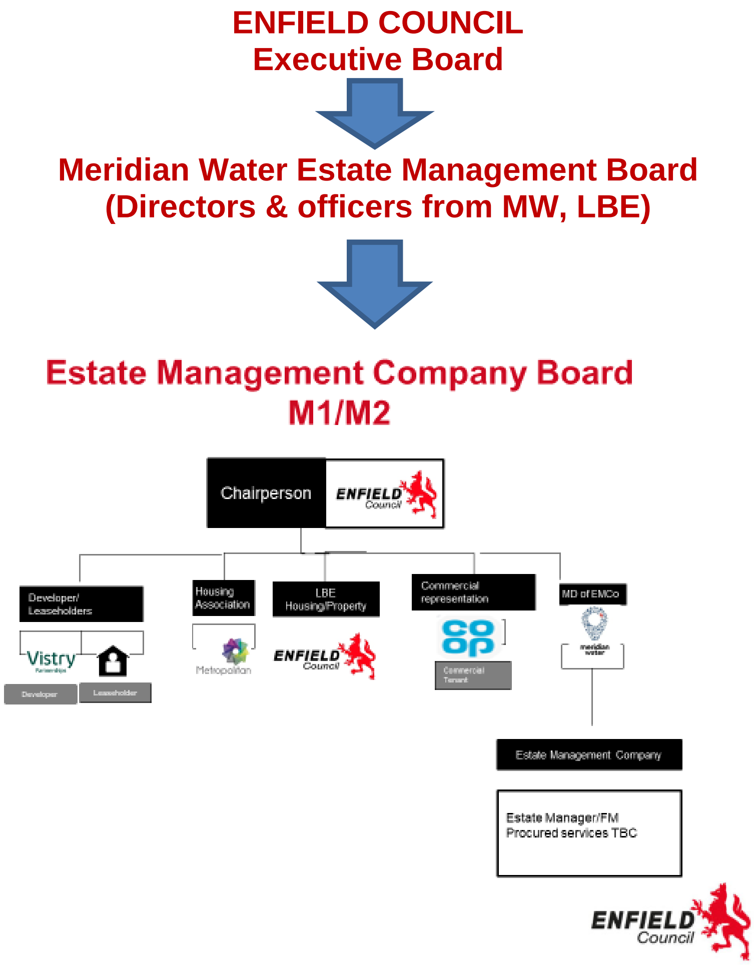


12. In order to be able to respond to the evolving nature of the activities of the Estate Management Company, and the ongoing planning for future phases of the estate, decisions relating to expansion of the EMC, further adoption, and associated financial expenditure will be delegated to Directors working closely to the operational detail.

13. This Strategy sets out the vision for managing and maintaining this flagship regeneration project, having considered the impact on the public purse. Analysis has been undertaken to understand how Council adoption or private management of all elements of the estate (as currently known) affects land values and return on investment, likely service charges to residents, impact on the Enfield Council tax base, and requirement for gap funding from Enfield.

14. Crucially, it is important that the arms-length Estate Management Company sits independently of the Council and is seen to be apolitical and consistent in its aims to deliver quality services at best value to residents. The structure of the company in relation to the Council can be seen in the organogram below:

Figure 2: Organogram of relationship between Enfield Council and Meridian Water EMC



__Adoption of the rest of the Meridian Water estate__

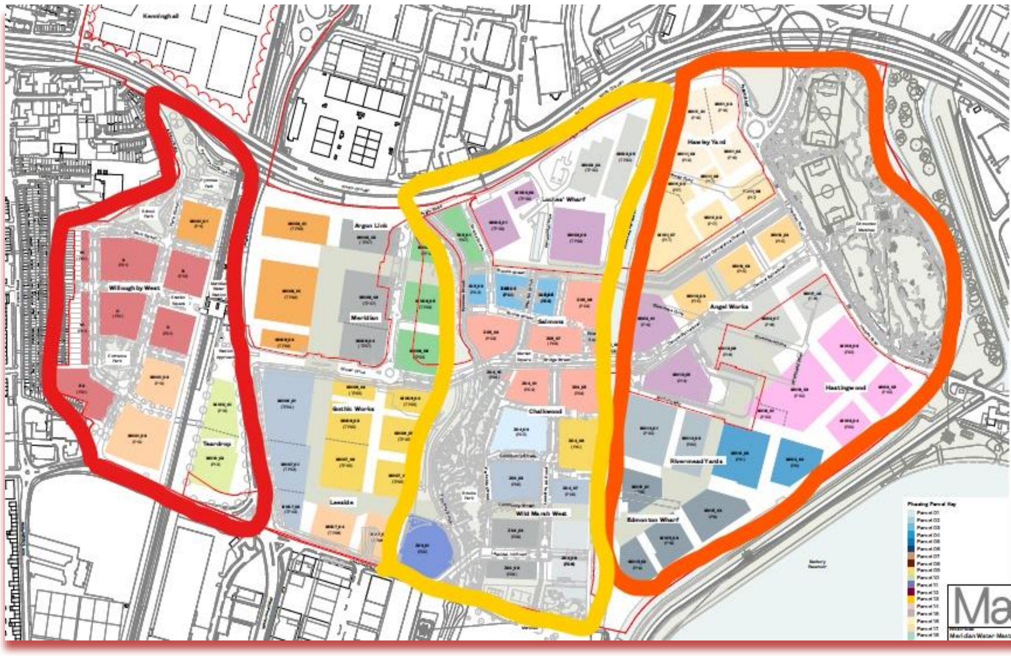
15. Meridian Water is creating an entirely new neighbourhood of homes on underused brownfield land, producing a new Council Tax and Business Rates pipeline. At completion of the entire 10,000 home estate this could equate to circa £18million per annum in council tax income and £23million per annum in business rates (figures estimated by the Revenues Team). It is important to note that although there is a need for an interim internal loan, this loan can be offset by the Council through the increasing council tax and business rate receipts of the overall scheme.

16. Residents of Enfield would expect the management of the adopted areas of the Meridian Water estate to be comparable to other areas of the borough and will be challenged if not. Meridian Water has been master-planned to an environmental standard not typically found in Council delivered developments and will require more frequent and more specialised management and maintenance, regardless of whether adopted or privately held. There is an opportunity through the management of Meridian Water to build capacity and upskill existing Council service teams (e.g. Parks, Highways, Waste), which could pilot an approach to potentially roll out across the borough.

17. The Meridian Water team has worked closely with colleagues in Environment and Operations to explore practical implications in adoption of the estate. A joint

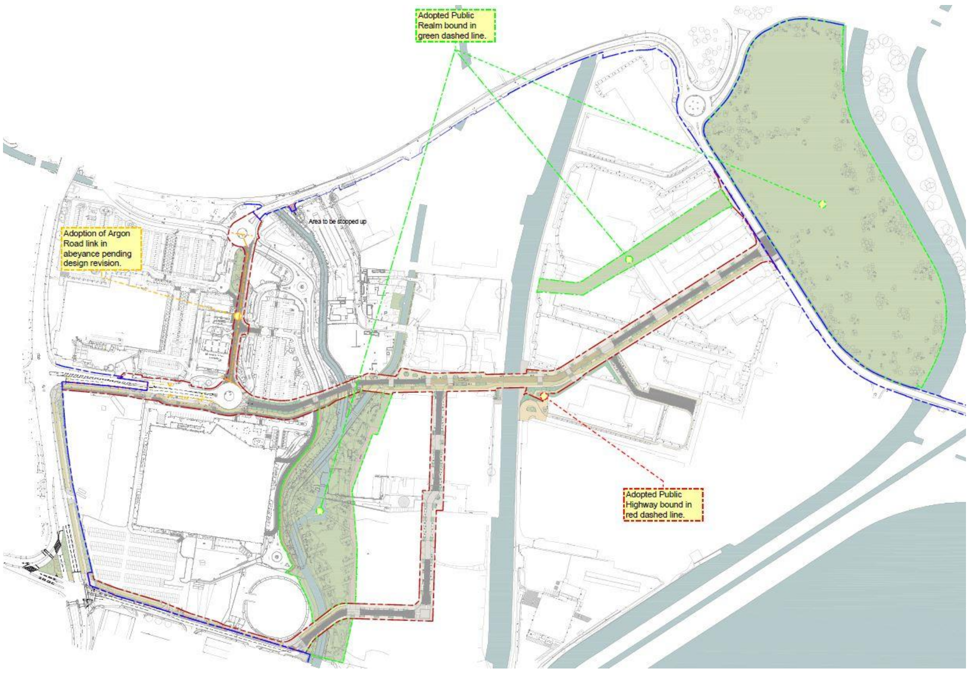
proposal has emerged from detailed Officer review of capacity and costs, to request that Meridian Water be split into three development areas which will ring fence service charge responsibility to plots and buildings within the area. The area left out is owned by Ikea and Tesco and will come forward separately, so cannot be assumed within the management approach at this early stage. Efforts will be made to work in partnership with these two landowners to ensure a consistent, collegiate approach is taken as their sites are built out.

Figure 3: Proposed zoned areas of Meridian Water for management



Red (western area) – Meridian One/Teardrop site
Yellow (middle area) – Phase 2 including Meridian Two
Orange (eastern area) – East Bank area currently designated as Strategic Industrial Land

Figure 4: Proposed Plan of Adopted Strategic Infrastructure Works



Unadopted areas

19. It is proposed that Meridian One in its entirety (Phase 1a and 1b) will not be adopted. This had been assumed from the outset of the design work with Vistry and as such, their proposed plans do not meet adoptable standards. Were adoption the preferred approach from the outset, they would already be engaged with the Highway Authority in order to monitor progress throughout detailed design and delivery.
Although Meridian One is proposed to be managed via the EMC, the estate will remain publicly accessible, with public right of way through its public realm, streets and into its three parks.

Adopted areas

20. It is proposed that the roads brought forward through the Strategic Infrastructure Works, along with Brooks Park (straddling the brooks), Edmonton Marshes (to the east) and the bridges over waterways are adopted. These major assets would then fall under the Council tax base and oversight of in-house design and operational teams of the Council.

To Be Determined

20. At the time of writing it is acknowledged that Phase 2 in its entirety (excluding Strategic Infrastructure Works) needs to be assessed in more detail for viability of adoption. Of this, Brooks Street, being strategic access into Meridian Three and Meridian Four has been proposed for adoption by Officers. This new street will provide a link into the northern edge of the estate from the North Circular Road.
This report asks Cabinet to delegate these decisions to the Executive Director of Place.

Monitoring and evaluation

21. Minimum Service Levels and/or KPI’s will be developed in partnership with the Meridian Water and Housing & Regeneration team to monitor delivery of Estate and Block services, in order to ensure quality standards are promoted and upheld.

22. KPI’s will be embedded within all external procurements and subsequent contract management, to monitor progress and quality. Progress will be reported to internal stakeholders such as the Estate Management Board, Programme Board, Executive and Regeneration Board.

23. Where KPI’s and monitoring systems have yet to be defined they will be developed through the Operational Plan implementation process by the Estate Manager and Council officers.

Appendix 2: Legislative context

There are several legislative issues to consider in relation to the management of estates and leasehold buildings, listed below:

24. RICS code – best practice framework for Service Charging as set out by the Royal Institute for Chartered Surveyors https://www.rics.org/globalassets/rics-website/media/upholding-professional-standards/sector-standards/real-estate/service-charge-residential-management-code-3rd-edition-rics.pdf

25. Right to Manage – enacted in the Commonhold and Leasehold Act 2002, giving a statutory right for residents to be able to take on management of their blocks should a majority vote in favour. Enables the residents to remove the encumbent managing agents and procure their own. https://www.gov.uk/right-to-manage-a-guide-for-landlords

26. Right to Enfranchise – Leasehold enfranchisement (often referred to as 'freehold purchase' or 'collective enfranchisement') refers to a group of leaseholders, who own flats in the same building, collectively purchasing the freehold interest from the landlord. It is a legal entitlement under the Leasehold Reform Act 1993.

27. Leasehold and Ground rent reforms – legislation is expected to change within the near future which will grant long leaseholders 999 year leases, giving them greater investment in their homes. Ground rents for new, qualifying properties are also expected to be abolished. https://www.gov.uk/guidance/leasehold-reform-ground-rent-bill

28. Highways Act 1980 in relation to adoptable areas – this statutory procedure requires monitoring by the Highway Authority throughout the construction phase and 12 month defects period, whereby only after this passes satisfactorily can areas can be handed over to the Highway Authority. https://www.legislation.gov.uk/ukpga/1980/66/section/38

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London Borough of Enfield

CABINET

8 December 2021

Subject: **Meridian Water Residential Delivery Programme**

Cabinet Member: **Cllr Nesil Caliskan**

Executive Director: Sarah Cary

Key Decision: **KD5252**

Purpose of Report

1. To update Cabinet on the progress made to deliver new homes and sustainable neighbourhoods at Meridian Water, including updates on progress to date in respect of Meridian One, Meridian Two, Meridian Three and Meridian Four.

2. Since the Council assumed the role of Master Developer in 2018 it has entered into two Development Agreements which area expected to deliver in excess of 1,200 homes including over 750 affordable homes. Construction of the first 300 homes are now underway with 46 homes expected to be completed by late 2022/early 2023.

3. The Cabinet (16th September 2020, KD 5174) approved the Phase 2 Detailed Delivery Plan and the recommendation within it for the Council's direct delivery of Meridian Four. Since then, the Meridian Four scheme has been refined and advanced to accelerate the delivery of homes on the Meridian Water site. This report recommends increasing the number of homes within Meridian 4 by increasing the size of the Meridian 4 red-line developable area.

4. This report also provides an update on the financial and project metrics of Meridian Four.

Proposal(s)

5. To note the progress to date in delivering Meridian Water, as set out in paragraphs 18 to 49.

6. To note that the expenditure and resource estimates are based on the budgets as approved by Council on 2 March 2021 (KD5210).

7. To note reconfigured capital expenditure from this review of an additional £1.93m and £6.16m in financial years 2021/22 and 2022/23 respectively, to be contained within existing overall approved budgets and reported as part of the Q2 Capital monitoring cycle appearing elsewhere on this agenda.

8. To Note the Council's role as Master Developer on the Meridian Water Site.

9. That Cabinet notes the Meridian Four financial update and approves the revised approach to tenure mix and viability as set out in the Confidential Appendix to accelerate the delivery of homes.

10. To confirm the strategy to progress and accelerate the delivery of circa 846 homes as set out in the Confidential Appendix, noting the positive impact on the Phase 2 financial appraisal and that the delivery cost increase is contained within the Meridian Water approved project capital programme.

11. To delegate to the Programme Director of Meridian Water in consultation with the Executive Director of Resources, the decision to forward fund the Meridian Four RIBA 4 design, as set out in the Confidential Appendix.

Reason for Proposal(s)

12. To update Cabinet on the progress made on the Meridian Water Residential Delivery Programme in respect of Meridian One, Two, Three and Four.

13. Following Cabinet Approval (16th September 2020, KD 5174), soft market testing of the Build to Rent Investor market has been completed by the Council's advisors Gerald Eve. After testing the delivery strategy presented at Cabinet, it was found that there continues to be interest from Investors in the Meridian Water project.

14. Meridian 4 is planned to deliver circa 846 homes to: (a) Accelerate the delivery of homes; (b) Appeal to broadest range of potential investors and partners; (c) Offer the Council a developer's profit; (d) Work within the Outline Planning Permission parameters; and (e) Create critical density and optimal placemaking opportunities early in the scheme's development.

15. The tenure mix and viability of the scheme have changed and been further detailed since last presented to Cabinet (KD 5174) as set out in the Confidential Appendix.

16. The number of homes proposed within the project has necessitated the reconfigured capital expenditure.

Relevance to the Council Plan

17. Meridian Water is a key component in contributing to the vision, aims and priorities of the Council's Corporate Plan.

18. **Good Homes in well-connected neighbourhoods:** Meridian Water will contribute to the Council continuing its pioneering approach to regeneration to create thriving, affordable neighbourhoods and places, and increasing the supply of affordable, quality housing options for ownership, social rent and private rent. Meridian Four will contribute to this goal through the delivery of circa 846 new homes.

19. **Safe, healthy and confident communities:** Meridian Four will contribute towards the overall strategy for Meridian Water which aims to deliver on the Council's aims to improve public health and people's well-being. Along with new homes Meridian Four will deliver community and social infrastructure; new amenity spaces and open up access to the canal.

20. **An economy that works for everyone**: Meridian Four will deliver new ground floor commercial premises and workspace.

Background

21. The Phase 2 Business Plan (KD4953) report which Cabinet authorised in October 2019 set out the options appraisal for the delivery model for circa 1,550 homes within Phase 2.

22. In March 2020, the Council's Planning Committee resolved to grant planning permission for the Outline Planning Application (OPA) for Phase 2 of Meridian Water to deliver circa 2,300 homes (plus 18,000 sqm of Purpose Built Student Accommodation and Co-Living accommodation) as well as commercial, retail, social infrastructure, and public open spaces.

23. Table 1 below sets out the number of homes within the current MW Residential Delivery Programme.

	Status	Number of Homes (approx.)	Construction Start in current programme	Practical Completion
Meridian One (Phase 1)	Development Agreement Unconditional. Planning permission (RMA) for 300 homes.	960	Q3 2021 (underway)	Q3 2026
Meridian Two (Phase 2)	Partner in Contract	275	Q3 2022	Q3 2025
Meridian Three (Phase 2)	Pre-Contract	215*	Q1 2024	Q3 2026
Meridian Four (Phase 2)	Pre- Contract	846	Q4 2023	Q4 2026 – Q3 2027

**Currently being revaluated for highest and best use after Brexit and the Covid-19 epidemic's impact to the market*

Meridian One

24. Following Cabinet approval in October 2019 and further delegated approvals in December 2019 (KD4845), the Council entered into a Development Agreement with Vistry Partnerships in December 2019 to deliver approximately 950 homes at Meridian One, including 50% affordable homes of which 50% will be Council homes at London Affordable Rents, as well as

high quality new public open spaces, over 2300m^2 of community, leisure, retail and employment space and a new Skills Academy to train and increase opportunities for local residents in construction and the built environment.

Current Status

25. The Development Agreement included a number of conditions precedent which needed to be satisfied prior to construction works commencing. Since entering into the Development Agreement, the Council and Vistry have worked to satisfy the conditions precedent and have successfully negotiated a Deed of Variation to the Development Agreement. The Reserved Matters Application for the first 300 homes at Meridian One (20/03821/RM) was approved by Planning Committee on 4th May 2021 and subsequently granted on 24th May 2021. Vistry commenced piling works in August 2021 for the first construction of new homes at Meridian Water which is a significant milestone.

26. Vistry's current programme forecasts the first 46 of these 300 homes to complete late 2022/early 2023. These will be homes in Block E1 which the Council will retain for London Affordable Rent.

27. Further to approval by the Council as Landowner, Vistry will submit a full planning application for a further approximately 670 homes, non-residential spaces and public open spaces at Meridian One. The submission of this full application is expected in November 2022 and the overall completion of the development remains forecast to be delivered in summer 2026.

Meridian Two

28. In March 2020, Cabinet Authorised the selection of Vistry Partnerships as the Council's development partner for Meridian Two (KD4952) to deliver 100% affordable housing scheme of circa 250 homes and 3,000m^2 of Council owned commercial space at Meridian Two. Cabinet delegated authority to officers to finalise the terms and enter into the Development Agreement.

Current Status

29. LBE completed and entered into a Development Agreement with Vistry on 20th October 2021.

30. Vistry entered into an agreement with Metropolitan Thames Valley Housing, a Registered Provider, to own and manage the Meridian Two homes on 20th October 2021.

31. Vistry have programmed to submit a Reserved Matters Application pursuant to the Phase 2 Outline Planning Application (19/02718/RE3), by early 2022, following design reviews and approvals by the Council as Landowner and the Design Advisory Group appointed on the scheme. This would enable piling to commence later in 2022, with the completion of the first homes and commercial space during 2024. Due to delays in finalising the terms of the Development Agreement by approximately 12 months, the completion dates have moved accordingly.

Meridian Three

32. The Phase 2 Business Plan (KD4953) of October 2019 authorised the commencement of soft market engagement on three Co-Living and/or Student housing blocks and subsequent marketing with disposal of circa 0.5 acres to a specialist Co-Living provider delegated to the Executive Director of Place in consultation with the Executive Director of Resources.

33. The 16th September 2020 Cabinet Report (KD5174) recommended that the two plots (Z05-03 & 05) be marketed to Student and/or Co-Living providers and the land disposed of as previously detailed whilst the third plot, Z05-02, be utilised for delivery of the majority of the Affordable Housing requirement generated by the Student and/or Co-Living uses and potentially delivered as part of Meridian Four. Additional flexibility for all or part of the land to be let as a Meanwhile Use on a lease of up to 15 years was also approved.

Current Status

34. The Council's Commercial and Financial advisors Gerald Eve commenced initial soft market testing in 2020. GE conducted targeted soft market testing in July 2021. Of the nineteen companies interviewed, eleven parties responded positively and expressed interest in the scheme. There was a high level of interest in co-living and traditional C3 uses on the site and three established market-leading developers expressed interest in developing Purpose-Built Student Accommodation (PBSA).

35. The level of land receipt projected for the site is being revaluated and compared against the target set out in previous reports to mitigate risk and adopt to evolving market intelligence from the co-living and PBSA sectors following the Covid-19 epidemic and Brexit.

36. As permitted by the September 2020 Cabinet Report, the team strategically reviewed projections against the estimated financial returns from a potential 15-year Meanwhile Use as well as an updated co-living and PBSA option. It was determined that the team will move forward with marketing disposal to co-living and PBSA tenures in order to select the optimal partner for the site. Going forward, future financial analyses will be reported to the Executive Board with a clear path for disposal.

Meridian Four

37. Meridian Four is the fourth development opportunity within the 85-hectare Meridian Water site, located in the northern half of the Phase 2 Outline Planning Permission (OPP) area. The site is bound by the River Lee Navigation to the East and Pymmes Brook to the west and access will be created to the plots by the delivery of the Strategic Infrastructure Works (SIW) which are being delivered under funding from the Housing Infrastructure Fund (HIF) (see Fig 1).

38. On the 16th September 2020, Cabinet approved (KD5174) the Phase 2 Detailed Delivery Plan and the recommendation within it for the direct delivery of Meridian Four. Meridian Four comprises of five blocks sited to the north of the Phase 2 scheme to be delivered with commercial and community uses at ground floor and upper floors to provide Build to Rent and affordable homes.

Figure 1: Plan of Meridian Four Development Plots

Progress

39. During 2020/21 the procurement of the professional team for Meridian Four has been progressed. The following services have been secured to date:

- Project Managers	Ikon / Cast
- Lead Architect	KCA
- Quantity Surveyor	Stace
- Structural and Civil Engineer	Pell Frischmann
- Mechanical, Electrical and Plumbing Engineer	Elementa
- Town Planning	(Oct 21)

40. Work started on the RIBA stages in May 2021. It is currently anticipated that a detailed scheme (RIBA 3) will be finalised in Q2 2022 with a view to submitting an application for Reserved Matters consent to the Council in Q3 2022.

41. Enfield's work establishing a borough-wide Registered Provider Framework has commenced and upon completion may be used to procure a Registered Provider partner to purchase or develop the affordable housing blocks.

42. Through the procurement of the professional services for the Meridian Four project, the team has sought to ensure that the Council's approach to promoting Equality, Diversity and capturing Social Value benefits have been captured. Further detail of the benefits obtained through the procurements to date are set out within the Confidential Appendix 5.

43. This approach to procurement has resulted in the Council being short listed for a 2021 LGC Award as well as a National Housing Award.

Build to Rent Market

44. A Build to Rent (BtR) scheme is a residential development designed and built specifically to let homes out long-term rather than to sell. The scheme may be built and operated by the same investor, however more typically an investor will partner with a developer who will build the scheme and the BtR Investor will purchase the completed homes at the end of the build period.

45. A BtR scheme is typically of high quality with a focus on efficiency, low maintenance and place-making. The residential blocks will incorporate amenities such as a gym, workspace, residents, café / restaurant etc which are for the use of the residents (as well as non-residents where they can be directly accessed from the outside).

46. The BtR Investor will take a long-term view of the quality and placemaking as they make their return on investment over may years (typically a 40-50 years) and therefore need to ensure that the scheme remains attractive to renters over this time period and beyond.

47. The BtR sector has become increasingly well-established over the last decade. The growth has been driven by institutions and funds looking for stable inflation linked returns largely to pay pensions after the global financial crisis in 2009. BtR is still a very small part of the private rented sector but forecasted to grow significantly as it gains a reputation for providing high quality, well-managed, secure rental homes.

48. A BtR operator will not seek to recover the properties from tenants who are not at fault, e.g. to live in or sell on, and as such no-fault evictions are not a likely scenario. They will typically increase rents in line with inflation every year and their priority is to keep tenants long term. There is also the ability for blocks to be offered to different audiences for example young professionals, families etc with brand differentiation including amenity provision and potentially rent levels.

49. A BtR scheme that is owned and managed by professional landlords and financed by institutional investors therefore offers the potential to deliver a greater supply of good quality market housing alongside a better deal for tenants.

50. Further to market insight, the Affordable Housing on Meridian 4 aims to deliver a higher proportion of family-sized units while the BtR options target

smaller household to create a range of new housing opportunities for residents within the Borough.

Market Testing

51. Further to the 2020 Cabinet decision officers have undertaken additional soft market testing led by the Council's advisors Gerald Eve.

52. A second round of soft market testing was conducted during the first two weeks in August 2021. Six investors who expressed interest in the scheme and programme were interviewed and asked to provide feedback on the most recent project plans, including potential deal structures, programming, tenure mixes, and interest in participating in a future workshop on sustainability and building design post-Covid.

53. The responses from the SMT confirmed that the market continues to prefer delaying capital receipt payment until the completion of HIF works and detailed design to de-risk the investment. However, several investors interviewed were eager to engage in the design earlier in order to guide the development and ensure key features were included or designed to customer expectations.

54. The detailed feedback from the soft market testing is set out in a Gerald Eve Report in the Confidential Appendix.

Further Marketing Strategy

55. As a result of the feedback gained from the market it is proposed that:

    - A further round of Soft Market Testing be undertaken in Q1 2022 by which time RIBA 2 Concept Design proposals will have been developed and be tested to ensure that the Build to Rent design proposals are market facing.

    - Selection of preferred investor partner takes place in Q1 2022 (with RIBA 3 design progressed) with a view to having selected a preferred investor partner before or during RIBA 4 design which commences Q3 2022.

    - Once the preferred investment partner is selected, the council will progress any remaining RIBA 4 design and legal agreements in parallel with that preferred investor partner.

    - Work to secure the main contractor will progress in parallel with securing the Build to Rent Investor and Registered Provider.

56. This strategy optimises the Council's ability to accelerate delivery of new homes on site upon completion of the HIF works in Q3 2023.

Project Viability – Previous Cabinet Report

57. In the previous cabinet report, Council elected to pursue Option 2b of the potential Meridian 4 delivery strategies evaluated at that time.

58. As financially modelled, Option 2b consisted of:

- A 533 scheme of 65% private tenure BtR homes (approx. 347 homes) and 35% affordable homes (approx. 186 homes) across three blocks

- The affordable portion of the scheme would consist of 70% London Affordable Rent (LAR) and 30% intermediate affordable tenure of London Living Rent (LLR) capped for Upper Edmonton Ward levels

Figure 2 – Three blocks making up the 533-home scheme

59. As shown above in Figure 2 533 homes can be accommodated in Plots Z05-04; Z05-06; and Z05-07 of the Phase 2 outline scheme.

60. The scheme was approved for up to circa 800 homes (notionally split 520 market homes and 280 affordable homes) by adding two additional plots (Z04-01 and Z04-05) to the M4 parcel (as shown overleaf in Figure 3), rather than increasing the number of units included in the Z05-04; Z05-06; and Z05-07 plots by adding height.

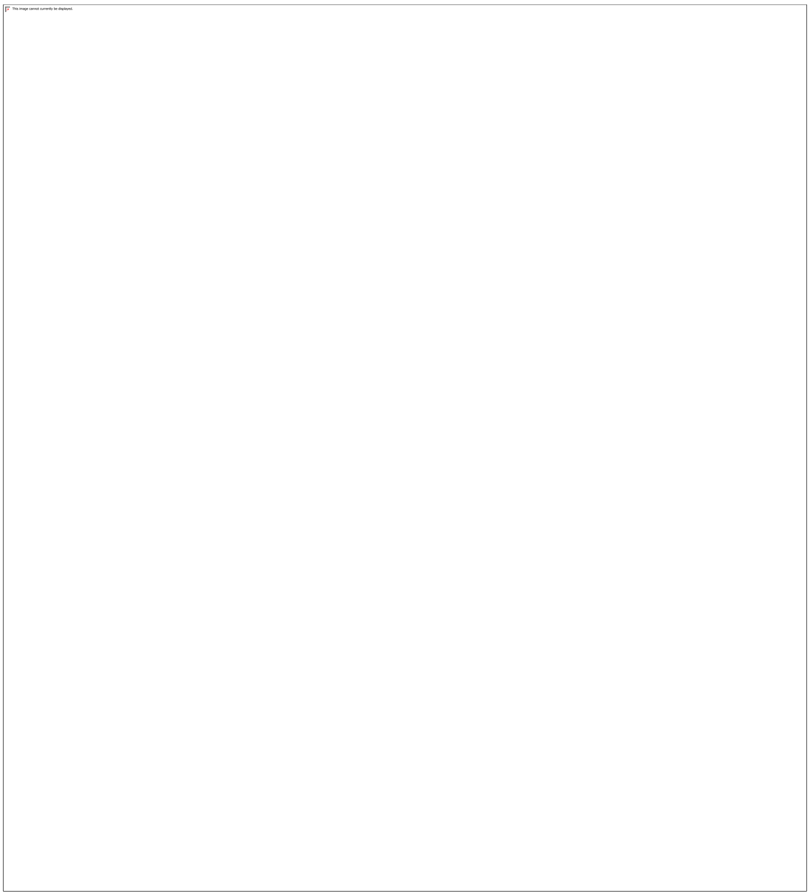

Figure 3 - Five blocks making up the 846-home scheme

61. The Scheme was anticipated to begin construction in September 2022 when it was believed that the Homes Infrastructure Fund (HIF) works would be completed. The programme has been adjusted to factor in the current expected completion of the HIF works.

62. The construction of Meridian Four is planned to start on site upon the completion of the HIF in Q4 2023. To ensure the accelerated delivery of new homes on Meridian Four the proposed programme key dates are as follows:

Milestones	**Programme Dates**
Selection of Preferred RP	Q3 2022
Reserved Matters Planning Submission	Q3 2022
Completion of HIF Works	Q3 2023
Completion of Contract with BtR Investor	Q4 2023
Main Contractor approved	Q4 2023
Start on Site	Q4 2023
Completion of First homes	Q4 2026

Main Considerations for the Council

Proposed Scheme (circa 846 units)

63. The 2020 Cabinet Report considered various options from 533 to 1,500 homes in the Meridian Four delivery strategy.

64. Market testing has confirmed that a scheme of circa 846 units with all five plots as set out in Figure 1 of this report for Build to Rent and affordable homes for Meridian Four.

a Appraisal Update

65. Since September 2020, additional work has been undertaken to update and refine the financial appraisals from the notional targets used to recommend Option 2b to reflect the evolved scheme's focus, accelerated delivery, real world conditions and changes in the market.

66. An updated financial model for Meridian Four has been prepared using the increased number of homes and a revised unit and tenure mix. It includes details on infrastructure expenditure, updated build costs, professional fees, and market and affordable rental values.

67. The revision includes an indicative tenure mix of 70% market-rate and 30% affordable which has been calculated in order to work towards achieving 40% affordable homes across all of Phase 2 supported by GLA grant funding.

PLANNED PHASE 2 HOMES	Market Rate Homes (approx.)	Affordable Homes (approx.)
Parcel		
M2	0	275
M3	135	80
M4	580	260
Parcel 5 – Parcel 10	685	335
Total Units	**1400**	**950**

68. The updated financial modelling for Meridian Four includes grant funding allocated by the GLA (subject to final agreement). The forthcoming allocation will support the delivery of the target number of Social Rent and Shared Ownership affordable homes across the Phase 2 site.

69. A series of sensitivity analysis were produced to further measure the scheme's current financial position.

70. The current position of the viability of Meridian Four is set out in Confidential Appendix of this report and includes a comparison of assumptions reflecting changes between the appraisals developed for the September 2020 Cabinet Report and those updated to reflect the current market and inputted into Gerald Eve's Meridian Four financial model.

71. It is therefore recommended that the Meridian Four scheme proceeds as detailed above to accelerate the delivery of much needed housing and affordable housing to the Enfield and Edmonton areas, to reduce the impact of time on cost any further, and to secure grant funds that have been

committed by the GLA to deliver Social Rent and Shared Ownership affordable homes.

Safeguarding Implications

72. It is not considered that the proposals in this report, have any direct safeguarding implications however future decisions may have safeguarding implications.

Public Health Implications

73. As part of the Meridian Water development, Meridian Four is a significant development that will substantially affect people’s health through urban layout, build quality, the attention paid to community cohesion, energy sources, the food and leisure offerings and proximity to public transportation.

74. In the development of the Meridian Four proposals attention is being given to each of the above considerations including access to sustainable travel options; urban design that facilitates ‘incidental social interaction’ and leisure activities to encourage people to come together. Within this will be green energy so mitigating future climate change effects.

Equalities Impact of the Proposal

75. The Council has a duty to promote equality, diversity and inclusion, and it recognises the issue of diversity specifically within the construction sector.

76. An EQIA was also prepared by the Council's Strategic Planning Team to support the ELAAP submission. The planning application for Phase 2 was also subject to an EQIA. The Phase 2 application was accompanied by a socio-economic analysis as part of the Environmental Statement. No substantive negative impacts to persons or groups with protected characteristics were identified.

77. It is considered that the proposal as set out in this report to progress with an estimated 846-unit scheme for Meridian Four will result in a positive impact in respect of the Council’s Equality objectives. The Council are taking action to overcome the structural causes of inequality by implementing the Council Plan 2020-2022. It is considered that the proposal to deliver circa 846 units will not only contribute to the Council’s objectives on housing delivery but also local employment objectives.

78. The proposed delivery of the scheme, as set out within the Confidential Appendix will facilitate the early delivery of Meridian Four homes and jobs, and positively address structural causes of inequality.

Environmental and Climate Change Considerations

79. Enfield Council declared a Climate Emergency in July 2019, and the Council has developed an Environmental Sustainability Strategy (ESS) for Meridian Water that was approved by Cabinet in 2020 (KD5089). The strategy sets out

ambitions for all projects and the financial assessment and implementation mechanism for achieving them.

80. Although the construction of new homes will create an increase of emissions compared to not building homes, the Meridian Water Environmental Sustainability Strategy seeks to mitigate these emissions, progressively increase performance, and create a state where net zero carbon homes are a reality.

81. The ESS, targets are to reduce the operational energy from 105kWh/m2/yr to under 30kWh/m2/yr, to reduce the embodied carbon from 600kg CO2e/m2 to under 300KgC02e/m2 and to increase the local renewable energy offsets from 25% to 100% of the residual carbon emissions.

82. The Council has also invested in a district heating network, using very low carbon heat from the rebuilt North London Heat and Power plant. This network will support Meridian Water in operating low carbon homes. All new homes constructed will be connected to the heat network. This will achieve a 92% reduction in the residents’ carbon footprint for heating compared to an individual gas boiler.

83. The design of Meridian Four is being designed to align with the ESS 2020 metrics, subject to maintaining the viability of the scheme. Soft market testing is being used to identify the current sustainability standards being applied by the Build to Rent investor market, which is a sector which is placing more weight on environmental credentials to meet customer expectation.

84. For Meridian Four, the design for adaption and resilience, including resilience to flooding and overheating, will be reviewed during the development of the Reserved Matters design.

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

85. Advancing the progress of the Meridian Four design and development via reconfigured capital expenditure – if this proposal is not moved forward then the Council risks limiting market interest which will in turn reduce the capital receipt from Meridian Four, increase ongoing project viability risk, and very likely delay the delivery of homes.

86. The soft market testing has identified that investors will commit funds at the point where a technical design is in place. If the Council does not reconfigure the capital expenditure to fund RIBA 4 technical design then there will be a more limited pool of investors with interest in the scheme.

87. The proposed delivery strategy enables the Council to achieve a start on site further to the completion of the HIF works. Grant funding for affordable homes is based on the ability to demonstrate deliverability. There is a risk that funding will be prejudiced if the decision is not taken.

88. The mix and tenure proposed has been developed to be market facing and with due regard to the ability to secure grant. If the decision is not taken to

proceed with the mix and tenure as set out in Part 2 of this report the viability of the proposals will be impacted.

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

89. The proposed risks associated with the proposals as set out in this report are set out in the table below.

Risk	Mitigation
Direct delivery – Council exposure to financial risk due to change in project viability	As part of the project due diligence the Council will be continually monitoring project viability and will be reporting at each RIBA stage by report to Programme Director
Build to Rent Investor not secured, Council's Forward Spend not returned	Council has undertaken soft market testing which has positively supported approach to delivery and interest in the scheme. On-going engagement with the market will be undertaken to ensure that the scheme design remains market focused. Position will be reviewed before committing RIBA 4 spend.
Proposed design does not meet Build to Rent Investor requirements	Specialist professional team have been procured who are conversant in the requirements of the market. Engagement will be sought from market to inform design work during RIBA 2-4 stages. Build to Rent identified that there is interest in early engagement to inform design.

Financial Implications

<u>Budget impact - Capital</u>

91. The Q1 Capital monitoring report submitted to Cabinet 15th September 2021 (KD5335) sets out the revised 10 year capital programme for all schemes including Meridian Water. The table below summarises the latest position and shows a total approved budget of £835.179m to financial year 2030/31 of which Meridian 4 comprises £325.089m.

10 yr capital budget £000's	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27 to 2030/31	Total
Meridian Water	85,815	158,212	26,672	25,826	28,942	127,024	452,491
Meridian One	13,591	39,751	0	0	0	0	53,342
Meridian Two	3,788	0	0	0	0	0	3,788
Meridian Three	324	0	0	0	0	0	324
Meridian Three/Four	145	0	0	0	0	0	145
Meridian Four	6,077	16,210	83,011	73,725	73,725	72,341	325,089
Total Meridian Water	**109,740**	**214,173**	**109,683**	**99,551**	**102,667**	**199,365**	**835,179**

92. The forecast expenditure (Meridian Four) for 2021/22 and 2022/23 is £2.994m and £20.396m respectively and include additional costs of £1.930m and £6.160m.

93. Compared to the latest budgets, approved by Cabinet as part of the Quarter 1 monitoring cycle, this results in a pressure in of £1.103m across 2021/22 and 2022/23 which will be contained by the re-profiling of expenditure for Meridian Four from future years budgets, which are sufficient to cover this, as set out in the table below.

Meridian Four Professional Fees Estimates £'000:	2021/22	2022/23	Total
Estimated	1,064	14,236	15,300
Increase required	1,930	6,160	8,090
Forecast Qtr2	2,994	20,396	23,390
Budget	6,077	16,210	22,287
Shortfall /(Surplus)	**-3,083**	**4,186**	**1,103***

Sufficient budgets for Meridian 4 in later years to contain pressure

94. Cost estimates for all works in the programme will be reviewed as part of the Quarter 2 capital monitoring cycle, appearing elsewhere on the agenda, and resources re-allocated and re-profiled to ensure sufficient budgets are in place to expedite works without changing the overall budget which was approved by Council 2nd March 2021 (KD 5210).

Budget impact - Revenue

95. Works costs are capital in nature therefore the proposed increase will not have a revenue impact.

Debt

96. Proposed increase in expenditure for this component of the programme will not result in increased costs for the scheme as a whole therefore there is no impact on borrowing from this proposal.

97. Financial modelling for the whole programme is undergoing a review, the results of which will not be known until after final budgets and MTFP are approved by Council 9th February 2022. Revised assessments of borrowing will therefore be reported as appropriate once known.

Taxation

98. Council will recover input VAT in normal manner for additional costs. No implications to report.

Legal Implications

99. MD 1st November 2021 (based on report timed at 14:39 1st November 2021)

100. The Council has the statutory powers to undertake the regeneration of Meridian Water.

101. Public law principles will apply to the decisions made by the Council in relation to the project, including the Council's duty to take account of its fiduciary duty and to act prudently with public monies entrusted to it. The Council is also under a general duty to act reasonably and show that its decisions in relation to the delivery of the project are made after having given due and proper consideration to all relevant factors (disregarding irrelevant factors).

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

103. Any procurement of goods, services or works as envisaged by this report must be conducted in accordance with the Council's Constitution, including the Contract Procedure Rules, and the Public Contracts regulations 2015. The Council's Key Decision procedure must be followed for all contract awards for £500,000 and above. Any award of contract will be subject to further authority granted in accordance with the Council's constitution.

104. Any disposal of land must comply with s123 Local Government Act 1972 and the Council's Constitution, including the Property Procedure Rules. Any disposal will be subject to further authority granted in accordance with the Council's constitution.

105. The preferred structure for the delivery of Meridian Four includes a partnering arrangement with an investor. While the exercise to select an investment partner is not expected to be within the scope of the Public Contracts Regulations 2015 given the subject-matter (i.e. injection of funds rather than procurement of works, goods or services), in order to ensure compliance with the Council's best value and fiduciary duties to local taxpayers, a competitive selection exercise should be undertaken.

106. The Council should be mindful of its obligations under the Housing Infrastructure Fund grant agreement which it has entered into with the Department for Levelling Up, Housing and Communities (formerly known as Ministry of Housing, Communities and Local Government) ("MHCLG"). In particular, the grant agreement places an obligation on the Council to perform the role of master developer as described in the Housing Delivery Strategy submitted to MHCLG and to deliver infrastructure and housing in accordance with specified milestones. The grant agreement also places restrictions on the ability of the Council to dispose of its assets located at Meridian Water.

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

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

Workforce Implications

109. To enable the direct delivery of Meridian Four a 'thin client' model has been adopted. A Senior Development Manager was appointed in October 2020 to manager the key development activity and risks of the project along with a Senior Regeneration Manager to oversight securing BtR and RP investment. This team has been responsible for procuring the necessary professional team including project, development and contract management expertise.

110. It is not considered that the proposals in this report, have any further workforce implications.

Property Implications

111. Any general property information is contained within the body of this the report. There are no individual property implications arising directly from this report. It is anticipated there will be future Property Implications as Meridian Four is brought forward and progressed. Any future reports arising as a result of these proposals will need to be fully reviewed and when property implications / transactions are needed Strategic Property Services will comment on individual deals.

Other Implications

112. No other implications have been provided.

Options Considered

113. As described options for Meridian Four were presented to Cabinet on the 16th September 2020, it is considered optimal that the Council delivers an entirely rented scheme.

114. A number of scenarios with regard to mix and tenure have been considered. The viability of a number of scenarios have been tested these are set out in Part 2 of this report.

115. The option that the RIBA 4 technical design does not start until the forward funding from the BtR Investor has been secured has been considered. Whilst it has the benefit that the Council would not have to fund the design work it will result in a delay in the delivery of new homes by some 12months.

116. Do nothing – this would result in no new market or affordable homes being delivered on Meridian Four, no regeneration of the area and also no income being received to pay down the existing Council debt.

Conclusions

117. This report provides an update to Cabinet on the Council's Meridian Water residential delivery programme and makes a number of proposals to accelerate the delivery of new homes at Meridian Four.

Report Author: Emma Beardmore
Senior Development Manager

Penny Halliday
Commercial Programme Director – Meridian Water

November 2021

Appendices

Background Papers

N/A

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London Borough of Enfield

Cabinet

8th December 2021

Subject: **Revenue Monitoring 2021/22: Quarter 2 (Sept. 2021)**

Cabinet Member: **Cllr. Maguire**

Executive Director: **Fay Hammond**

Key Decision: **5338**

Purpose of Report

1. This Report sets out the Council's revenue budget monitoring position based on information to the end of September 2021. The report sets out the position and despite the impact of Covid-19 demonstrates that the Council has maintained progress on the journey of establishing a robust and resilient financial position prior to the outset of the pandemic.

2. The revenue budget forecast including the impact of Covid-19, Government support and the Council's response is an adverse variance of £0.465m, compared to the balance position reported in quarter 1. It should be noted that this does require the use of the £3.0m corporate contingency. Executive Directors continue to work with Cabinet Members to robustly manage the underlying budget position and implement savings, whilst managing, mitigating and minimising the Covid-19 financial impact. The impact of Covid-19 on expenditure and loss of income is expected to be fully funded from Government grants in 2021/22 but these pressures are expected to continue into 2022/23 and will be addressed through the MTFP. This is set out in Appendix B; the report is set out as follows:

   i. Paragraphs 31 to 93 provide the underlying position in the General Fund as at Quarter 2 after the flexible use of capital receipts are of £1.8m are applied.

   ii. Paragraphs 94 to 128 provides an update on the Covid-19 financial impact of £36.9m. It should be noted that this figure is the gross expenditure regardless of funding received. This includes for example the NHS hospital discharge expenditure, Infection control grant, new grants allocated this year and balances carried forward from 2020/21. The Government's response in terms of additional funding is highlighted in paragraph 22 to 23.

3. The impact of Covid-19 continues to be assessed by forecasting the additional expenditure, loss of income and impact on the savings

programme, the total forecast is £36.9m. This includes expenditure incurred within Adult Social Care relating to hospital discharge programme and is funded via the NHS.

4. The forecasted position includes £36.9m of Government funding. This has been in the form of £10.5m support grant which has supplemented the Council's response. At the same time the Government has extended the support to help manage the loss of sales and fees and charges income for the first quarter of the year. Alongside the £10.5m support grant, the Government has made further specific ring-fenced funding available and these total £17.8m.

5. The budget includes a contingency of £3.0m which was set to manage unforeseen circumstances and given the latest forecast position will be required to maintain a balanced position with the current forecasts. Executive Directors continue to work to manage the current position and reduce any pressures in order to minimise the call on the corporate contingency. The Pressure Challenge Boards will review the most significant pressure areas in order to provide corporate challenge as well as generating additional options to mitigate the pressures not only for this financial year but for future years also.

6. The Quarter 2 forecast is an adverse position of £0.465 with departmental pressures met with the corporate contingency and the financial impact of Covid-19 expected to be sufficiently funded by Government grants. This forecast does still require the planned use of reserves of £1.927m to support the overall budget as set out in the Budget Report 2021/22.

7. The Dedicated Schools Grant is forecasting an outturn position of a deficit of £5.608m. With the £8.049m deficit brought forward from 2020/21, the cumulative forecast deficit at year end is £13.657m and will be the first call on the 2021/22 grant allocation and therefore reduce the funding available for next year's allocation.

8. The report provides an update on the 2021/22 forecast position for the level of reserves.

9. The Council remains in a financially challenging position for 2021/22. Due to the work ensuring financial resilience and sustainability the underlying budget is in good health. However, there is significant risk and uncertainty due to the ongoing pandemic and these could persist beyond 2021/22 and continue into 2022/23 and indeed beyond. These are all under continuous review and there is a strong likelihood that £3m to £4m will need to be built into the Medium Term Plan initially as a one off but potentially as ongoing cost.

10. Enfield Council is actively seeking to assist families from Afghanistan to settle in the UK. An Afghanistan Resettlement programme has been proposed to support families with accommodation and support. This will come with Government funding and it is anticipated that services such as Housing and Social Care will be providing much needed support.

Proposals

11. Cabinet is recommended to;

12. Note the £0.465m adverse position on the General Fund after the use of £3m contingency and £5.6m overspend in the Dedicated Schools Grant (DSG) forecasted revenue outturn position for 2021/22.
13. Note the Covid-19 impact of £36.9m which is expected to be funded by Government grants.
14. Note the progress made on the journey to setting a robust and resilient budget.
15. Request Executive Directors continue to work with Cabinet Members to robustly manage the underlying budget position and implement savings, whilst managing, mitigating and minimising the Covid-19 financial impact.
16. It is recommended that Cabinet Members note the forecast level of reserves and implications for 2021/22 and challenging financial position over the life of the MTFP.

Reason for Proposals

17. To ensure that members are aware of the forecast outturn position, including the level of reserves for the authority, including all major variances which are contributing to the outturn position and the mitigating actions being taken and proposed to manage the financial position for 2021/22.

Relevance to the Council's Corporate Plan

18. The General Fund and DSG Outturn Report sets out how the Council has best used its limited resources to deliver the Council's objectives in 2021/22. These objectives are:
    i. Good homes in well-connected neighbourhoods
    ii. Sustain strong and healthy communities
    iii. Build our local economy to create a thriving place

Background

19. On the 2nd March 2021, the 2021/22 budget was set by Council. New savings of £7.7m and new income generation plans of £1.9m were agreed for 2021/22. Savings and income proposals agreed from previous years to be delivered in 2021/22 totalled £3.4m. As part of the aim to continue to place the budget in a more resilient position, in 2021/22 £29.4m of growth was included to reflect the demographic, inflationary, investment and capital financing needs.
20. The Council continues to respond to the Covid-19 crisis ensuring that the community is supported as effectively as possible in very challenging circumstances. This continues to have a financial impact but as experienced in 2020/21 and reported in the outturn, the forecast impact of £36.9m is expected to be funded by government grants.
21. The forecasted position includes £36.9m of Government funding. This has been in the form of £10.5m support grant which has supplemented the Council's response. At the same time the Government has extended the

support to help manage the loss of sales and fees and charges income for the first quarter of the year. Alongside the £10.5m support grant, the Government has made further specific ring-fenced funding available and these total £17.8m.

22. This other funding includes the Contain Outbreak Management Fund, NHS discharge programme funding from the NHS, infection control, Local Support grant, Community Testing programme and Practical Support grant.

23. The Collection Fund deficit of £16.6m is forecast to be offset by the use of the Collection Fund Equalisation Reserve, as the ongoing pressure of £5.5m will be spread over 3 years. The majority of the impact will be funded by the Taxation Income Guarantee and the COVID Relief Grants provided by Central Government.

24. The forecast for Q2 is a £0.465m adverse position, however given the currently forecasted position the £3.0m use of corporate contingency is required and work will continue to minimise and mitigate forecasted pressures in order to reduce the call on the contingency.

25. The 2021/22 budget relied on a one-off use of reserves of £1.927m from the Reserves. The forecast as at Quarter 2 means that this will still be needed to draw down from reserve as planned.

26. The £36.9m financial pressures the Council is facing as a result of the Covid-19 pandemic have been reported collectively and are not included in the department forecast positions. These pressures are covered in paragraphs 94 to 128 and detailed in Appendix G. It should be noted that these reflect gross expenditure incurred regardless of the funding source, e.g. the cost of hospital discharge is reimbursed by the NHS and both the expenditure and income are now reported gross.

27. This means that as at the Quarter 2 position the £10m specific Covid-19 earmarked reserve can remain on the balance sheet, which maintains the Council reserves and strengthens the Council's ability to manage the longer term effects of the pandemic moving into 2022/23.

28. The risk is that the Covid-19 pressures persist beyond 2021/22 and continue into 2022/23 and indeed beyond. These are all under continuous review and further updates will be provided in the Quarter 3 report, however there is a strong likelihood that £3m to £4m will need to be built into the Medium Term Plan initially as a one off but potentially as ongoing cost.

29. Enfield Council is actively seeking to assist families from Afghanistan to settle in the UK. An Afghanistan Resettlement programme has been proposed to support families with accommodation and support. This will come with Government funding and it is anticipated that services such as Housing and Social Care will be providing much needed support.

30. This report also provides information on the main budget variances and their causes that are affecting the Council across all departments that are not as a result of Covid-19 and these are covered in paragraphs 31 to 93. Although a full budget monitor is carried out each month, variations in this report are limited to variances of at least £50,000 whether adverse or favourable, to provide a greater strategic focus. This report sets out the overall General Fund Revenue and the Dedicated Schools Grant (DSG)

forecast outturn for 2021/22, with details of variations provided in Appendices C to F (General Fund) and Appendix K (DSG). The variances detailed in each department are those which the Council would be experiencing without the pandemic, any variances resulting from Covid-19 are detailed in Appendix G. The report also provides a monitor of reserves and balances, which are set out in detail in Appendix L. Use of capital receipts to fund transformation expenditure is summarised in Appendix H.

Main Considerations for the Council

31. **General Fund Quarter 2 Forecast Outturn**

32. Each of the departments has generated a list of the key variances which are contributing to the projected outturn figures and are not resulting from the pandemic. Cabinet Members and Executive Directors are expected to manage their budgets in year and contain any forecast adverse variance by implementing offsetting savings measures. All Executive Directors reporting adverse variance are working on mitigating actions for the current year and where pressures are ongoing these are also being worked up as part of the Medium Term Financial Plan (MTFP).

33. The forecast budget position is set out in Table 1 below. It provides a comparison between the latest budget and the forecast position. This is the total forecast position for the Council, including the effects of Covid-19.

34. Table 2 sets out the Covid-19 associated pressures the Council is experiencing by department.

35. The main movement in the forecast is seen in the Children's and Families services. This is a result of children with complex needs requiring additional support and 27 children being placed in external child care placements, including residential care, during this quarter.

36. **Table 1: General Fund Quarter 2 Projected Departmental Outturn Variances 2021/22**

Department	Net Budget	Total Gross Forecast Outturn Variance	Flexible use of Capital Receipts	Total Net Forecast Variance incl. Covid-19 & In Year Savings	Net Variance excl. Covid-19 & In year savings		Covid-19 Total Impact (see Table 2)	Covid-19 Funding / Collection Fund
Chief Exec	11.955	0.121	(0.066)	0.055	0.055		0.694	(0.694)
People	127.330	2.914	(0.481)	2.433	2.433		11.178	(11.178)
Place	29.915	0.271	(0.188)	0.083	0.083		15.017	(15.017)
Resources	26.163	2.370	(1.141)	1.229	1.229		5.979	(5.979)
Service Net Costs	**195.363**	**5.676**	**(1.876)**	**3.800**	**3.800**		32.868	(32.868)
Corporate Expenses	64.435	(0.335)	0.000	(0.335)	(0.335)		4.024	(4.024)
Bad Debt Provisions	0.791	0.000	0.000	0.000	0.000		0.000	0.000
Contingency	3.000	(3.000)	0.000	(3.000)	(3.000)		0.000	0.000
Net Expenditure	**263.589**	**2.341**	**(1.876)**	**0.465**	**0.465**		36.892	(36.892)
Expenditure financed by:								
Business Rates	(94.241)	0.000	0.000	0.000	0.000		0.000	0.000
Council Tax	(133.108)	0.000	0.000	0.000	0.000		0.000	0.000
Other non-ring-fenced Government Grants	(31.125)	0.000	0.000	0.000	0.000		0.000	0.000
Reserves	(5.115)	0.000	0.000	0.000	0.000		0.000	0.000
General Fund Financing	**0.000**	**2.341**	**(1.876)**	**0.465**	**0.465**		**36.892**	**(36.892)**

Table 2: Summary of Covid-19 Impact by Department

Department	Net Budget	Covid-19 Additional Expenditure £m	Covid-19 Loss of Income £m	Covid-19 Impact on Savings Programme £m	Covid-19 Total Impact £m
Chief Exec	11.955	0.694	0.000	0.000	0.694
People	127.330	11.178	0.000	0.000	11.178
Place	29.915	9.265	3.852	1.900	15.017
Resources	26.163	5.077	0.902	0.000	5.979
Service Net Costs	**195.363**	26.214	4.754	1.900	32.868
Corporate Expenses	64.435	4.024	0.000	0.000	4.024
Bad Debt Provisions	0.791	0.000	0.000	0.000	0.000
Contingency	3.000	0.000	0.000	0.000	0.000
Net Expenditure	**263.589**	30.238	4.754	1.900	36.892
Expenditure financed by:					0.000
Business Rates	(94.241)	0.000	0.000	0.000	0.000
Council Tax	(133.108)	0.000	0.000	0.000	0.000
Other non-ring-fenced Government Grants	(31.125)	0.000	0.000		0.000
Reserves	(5.115)	0.000	0.000	0.000	0.000
General Fund Corporate Financing	**0.000**	**30.238**	**4.754**	**1.900**	**36.892**

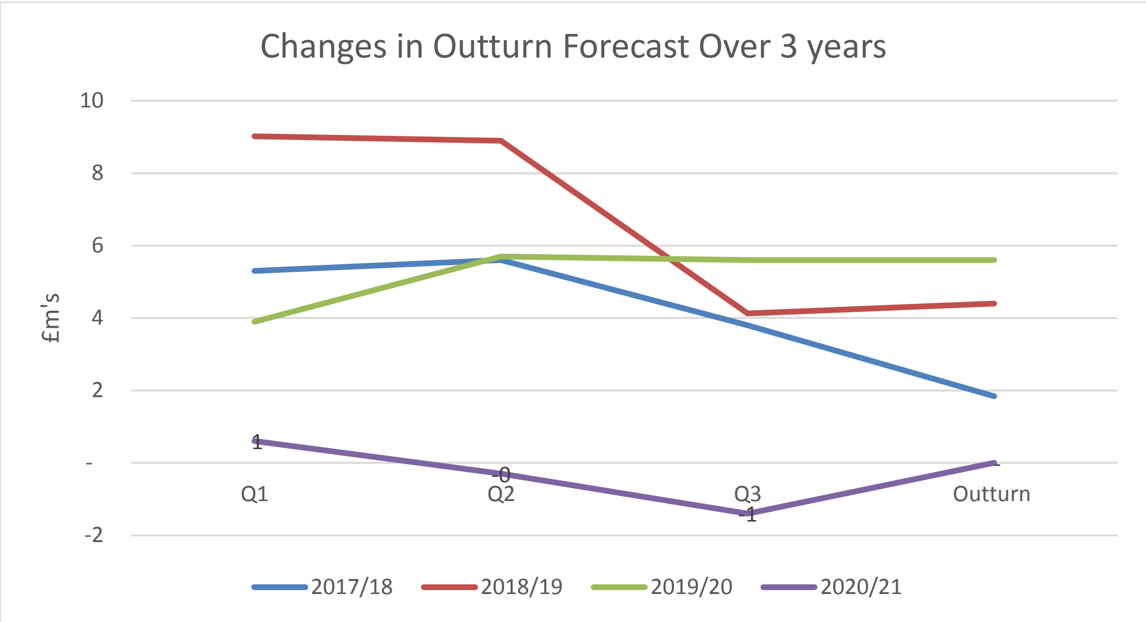
Budgets shown in Tables 1 and 2 are controllable departmental budgets excluding capital and asset impairment charges, which are not directly controlled by departments.

37. Management actions are ongoing to continue to address all budget pressures, including those related to Covid-19. Management action taken to reduce costs includes reconvening the Pressures Challenge Board to review the most significant pressures being reported with the first two sessions beginning focused on Homelessness and SEN Transport. The purpose of the sessions is to identify any further solutions to reduce the overspend in 2021/22 but also to identify whether there will be an ongoing pressure that will need to be considered in the 2022/23 budget setting process.

38. There has been a trend of improvements in budget setting and monitoring at Enfield Council over the past four years to improve the robustness and resilience of the council's finances. As a result of strong financial management and financial leadership, there has been less variation in forecast outturn between quarters in year and these are more accurate forecasts of actual outturn. The outturn position for 2020/21 was a balanced position whilst 2019/20 was an overspend of £5.6m and this was after the flexibility of applying £2.7m of capital receipts had been applied.

39. The above tables show that, had the Covid-19 crisis not occurred, the Council would be continuing that journey of increasing the robustness and resilience of its financial management and forecasting.

40. Chart 1: Trends in outturn forecasting since 2017/18



41. This report provides further information on the budget position as follows:

- Summary narrative for each service area and supported by Appendices C to F providing additional data and analysis
- Monitoring information on the progress towards meeting agreed savings and income generation
- Update on the DSG

- The financial management key performance indicators set out in Appendix A.

42. **Departmental Monitoring Information – Budget Pressures and Mitigating Actions (net variance, excluding Covid-19)**

43. **Chief Executive's (**Appendix C)

44. The Chief Executive's department continues to forecast a minor variance, £0.055m at quarter 2 compared to £0.042m as at quarter 1, against a budget of £11.95m.

45. **Use of Capital Receipts:**

46. The flexible use of capital receipts forecast is the planned Communications role as detailed in the 2021/22 Budget Report and Invest to Save items put forward as part of the Medium Term Financial Strategy to achieve future savings as detailed in Appendix H.

47. Further details of the Chief Executive department's outturn variations are provided in Appendix C.

48. **People** (Appendix D)

49. The department's forecast outturn is a £2.4m adverse variance against the budget of £127.3m. This is a £0.9m increase on the quarter 1 forecasts. The main variations are as follows:

50. **Adult Social Care (ASC)**

51. Adult Social Care services are forecasting an adverse variance of £1.57m which remains predominantly in community based services for Older People.

52. Key assumptions within the forecast are based on projected activity and year to year trends. However, with the continuation of the effects of Covid-19 being felt, makes trend analysis extremely difficult in year. Additional provider costs due to Covid-19, demographic and inflationary pressures mean the projected outturn, whilst containing an element of risk, may be subject to change in the run up to Winter.

53. The adverse position is also because of expected additional income that has been agreed through the MTFP is now looking unlikely to be achieved due to the Norfolk judgement and how this impact on the Council's charging policy. The judgment in the *Norfolk* case found that there was an unjustified difference in treatment between, on the one hand, the severely disabled and, on the other hand, everyone else receiving council services covered by the Charging Policy. Local councils must consider the ruling and examine their own policies in light of the ruling.

54. **Public Health**

55. The Public Health grant is a £17.53m ring fenced grant that can only be used for public health functions. Just as in quarter 1, a neutral position is currently being forecast.

56. The £17.53m reflects a 1.4% increase in the grant form 2020/21, however, 0.7% of this is for PrEP (pre-exposure prophylaxis) a medicine to prevent people getting HIV. The inflationary increase is therefore 0.7%. Over 85% of spend in Public Health is for services contracted to the NHS, for which a pay increase of 3% nationally has been offered (but not accepted) without additional funding. There is also a risk that demand led sexual health services post pandemic could also result in additional pressures. Whilst this year's pressures can be absorbed this year by one off savings, the risk is without additional funding for these pressures will cause an overspend in future years.

57. **Education, Children's and Families**

58. There are only a few General Fund services in Education with a net budget of £4.7m. The cost of former employees on enhanced pension is forecast to be £0.2m favourable variance at the year end and supports its inclusion as a saving for the 2022/23 MTFP. In year exit costs resulting from restructures are creating an in year pressure of £0.25m, hence the overall minor variance being reported of £0.04m.

59. Children's and Families services are forecasting an adverse variance of £0.8m, an increase of £0.6m on quarter 1. There are variances reported across the service, the forecast is based on projected activity and year to year trends, with the continuation of the effects of Covid-19 being felt trend analysis is extremely difficult in year. Management action is being taken to address the variances including reviewing regularly high cost placements however, additional costs due to Covid-19, demographic and inflationary pressures mean the projected outturn may be subject to further change.

60. The Children in Need services continue to report a £0.181m adverse variance and this is predominantly forecast in the Child Protection and Assessment teams where there are unprecedented levels of vacancies being covered by temporary staff. The service is taking steps to improve recruitment and retention of directly employed staff to minimise the adverse variances by matching incentives offered by other local boroughs and increasing the number social work apprenticeships.

61. The main variances are due to a rise in the number of child protection referrals resulting in increasing numbers of children subject to child protection plans and more children coming into local authority care. Delays in the Family Court system are resulting in children being looked after for unusually long periods of time which creates pressures on the external care placement and in-house fostering allowances budget, however it has a positive impact on the special guardianship allowances. Other notable variances are a £0.423m favourable variance in former unaccompanied asylum-seeking children from maximising benefits for care leavers and clients moving to their own accommodation, favourable variance of £0.88m in adoption allowances and a £0.277m pressure in support costs for looked after children.

62. External child care placements have seen an increase of 27 new children placed in agency fostering, residential, semi-independent placements and mother and baby residential placements primarily due to acute parental mental health and domestic abuse issues. The level of complexity of need for some of the young people has meant that they have needed to go into high cost residential placements. The semi-independent budget remains under significant pressure as young people who are very challenging are having to be placed outside of the borough (for their own safety) which is leading to placement's being spot purchased outside of the tender framework.

63. The £0.327m overspend in the Joint Service for Disabled Children is predominantly due to an increased demand in overnight breaks to avoid family breakdown. Some children and young people with complex needs require intensive support including, for some, 24/7 care at home.

64. The edge of care service has been very successful in working with young people who are facing family breakdown by preventing 80% of young people referred to the service from coming into care. The social work domestic abuse team provides wrap around services to families and is successfully supporting parents to recognise, respond and reduce risks and keeping children safely at home with their families.

65. **Use of Capital Receipts:**

66. The planned use of capital receipts includes the £0.2m for the Break the Cycle initiative as per the Budget Report and two further invest to save schemes to achieve savings in future years and contribute to the MTFP, these being investment in a Specialist outreach service and investment in the transition into Adult Services from Residential schools.

67. **Place** (Appendix E)

68. The Place department is reporting a forecast £0.083m variance against a net budget of £29.9m. The overall budget remains largely in balance, however the notable pressures that were reported in quarter 1 in Homelessness and Passenger Transport remain areas of risk. The Homelessness and Passenger Transport variances were the focus of the two planned Pressure Challenge Boards that were held to review the current actions plans and explore further options to reduce or mitigate these pressures. The outcomes of which continue to be worked through.

69. An adverse variance continues to be forecasted in Passenger Transport Service which is reporting a £1.9m. This is a demand lead service and a key demographic item in the MTFP and the services is experiencing an increase in overall numbers and a more specific issue of an increase in the number of journeys required for single occupants and a case review of these single occupancy routes to be undertaken. The quarter 2 forecast has been updated for the latest pupil intake and reflects further additions in March 2022.

70. The pressure in Culture service was partly addressed through the MTFP for 2021/22 and the service has continued to seek options for savings and

ways to mitigate the pressure. The forecast pressure has reduced as at quarter 2 and is now £0.130m, compared to £0.450m in quarter 1. This has been achieved through underspends in the Dugdale budget and delays in restructuring.

71. The Homelessness Service continues to manage challenging demand pressures and the underlying forecast variation to budget remains at £1.2m. This is due to the number of tenants in Emergency Accommodation (EA) at the start of the year being far higher than anticipated when the budgets were produced, the expectation was that there should be circa 2,750 tenants at the beginning of April 2021 however there were actually 3,442. It should be noted that even though the number of tenants has reduced over the first quarter this means the cost of accommodation to the service is much higher than originally budgeted for. A plan has been formulated which will see 100 exits from EA each and every month from July 2021 onwards to bring the numbers down significantly throughout 2021/22 on top of the circa 200 families (net) which have already been moved out of Emergency Accommodation this financial year. The numbers of exits have been closer to 40 and it the forecast for Bad Debt Provision has been increased based on the latest data. However, even when taking account of that the service is still on course for a £4.4m overspend at the end of 2021/22, though £3.6m is currently being attributed to impact of Covid-19.

72. The variance in Parking Enforcement is forecast to be £1.9m, as a result of putting in place traffic enforcement and parking control measures. The parking account is a ring-fenced account which is governed by Section 55 of the Road Traffic Regulations Act which specifies the use of any income in excess of the parking operational costs; this will be utilised to contribute towards the £10.250m of concessionary travel costs incurred.

73. Meanwhile use income from Meridian Water is forecast to be a £0.4m favourable variance.

74. Development management are forecasting a £0.500m variance which is predominantly because of a shortfall in the Pre-Planning Applications (PPA) income and the service is working to recover this position.

75. There are a number of smaller positive variances across the department that are all helping to mitigate the pressures and these are noted in Appendix E.

76. **Use of Capital Receipts:**

77. The planned use of capital receipts included £0.180m to establish Millfield House and theatre as an independent cultural venue which is no longer proceeding. Two invest to save initiatives are included, with a new Commercial manager being created in Planning and a scheme being implemented to improve the recycling rates from flats. Whilst a further £0.050m has been incurred in the mobilisation and implementation of the waste changes.

78. Further details are provided in Appendix E.

79. **Resources (Appendix F)**

80. The Resources Department is reporting a net variance of £1.2m after the application of capital receipts against a net budget of £26.2m. This represents an improved position on the £1.6m forecast at quarter 1.

81. Digital services have experienced challenges in recruitment which has meant a greater reliance on temporary staff which cost more than if the service could permanently recruit and this has driven up the forecast in quarter 2. Additional resources have also been required in the security service which reflects the increase risk of cyber threats.

82. An overspend of £0.9m is forecast which is predominantly due to the need for dual running costs of the CRM/CMS system until the existing system is decommissioned at the end of the financial year and further additional security related expenditure on applications, compliancy and testing. Circa £0.160m relates to inflationary pressure on contracts and new spend on statutory or critical items.

83. Exchequer Services are reporting a favourable variance of £0.1m achieved further savings in staffing, operational costs and recharges to the pension fund.

84. The Financial Assessment service are reporting a £0.1m adverse variance which is mainly due to automation related savings that are now unlikely to be achieved this financial year as other IT related schemes require prioritisation.

85. The Customer Operations team are forecasting a positive £0.2m variance as a result of vacancies in the Customer Service team.

86. The Income Collection team are experiencing increased customer demand requiring additional resources to manage the workload, as well as additional resource put into support Housing Benefit sign up to assist in increasing emergency accommodation client income, alongside savings associated with the payment programme that are unlikely to be delivered this year are all contributing to a £0.24m adverse variance.

87. **Use of Capital Receipts:**

88. As per the Budget Report, investment in Digital services was agreed with a current forecast of £0.297m to develop business cases for new projects as part of the portfolio's pipeline.

89. The forecast net cost of the Transformation Team is by its nature transformation project costs and are planned as described in the Budget Report 2021/22 to be funded by the flexible use of capital receipts.

90. Further details of Resources outturn variations are provided in Appendix F.

91. **Corporate**

92. Other than the £3m corporate contingency and concessionary fares underspend of £0.335m, all other corporate budgets are reporting a neutral position. This includes the budget for 2021/22 pay awards where final decision remains pending. Financial modelling of possible scenarios is currently being undertaken and further updates will be provided in the Quarter 2 report.

93. Concessionary fares are projecting a spend of £9.875m, based on London Councils revised settlement agreement which is a reduction of £0.335m from their original projection. Following a remodelling exercise of expected travel usage and journey lengths and completing negotiations with the transport operators, London Councils have revised the settlement agreement resulting in an in-year improved position.

94. **Covid-19 Impact (Appendix G)**

95. **Chief Executive's: net Resources budget is £11.9m; the total estimated additional costs of £0.7m (5.8%)**

96. The focus of Covid-19 impact has shifted in the Chief Executive's department from loss of income to expenditure in 2021/22. The more notable areas are additional legal cover required to deal with the increase in Children's social care cases and the additional cost incurred related to the recent elections. Though it should be noted that this was partly covered by the Local Elections grant.

97. **People: Adult Social Care (ASC) and Public Health – net budget is £82.9m; the total estimated additional costs of £5.5m (Gross i.e. includes NHS Hospital discharge costs), £4.1m (Net) 4.9%**

98. The impact on Adult Social Care (ASC) continues to be additional cost. The current forecasted impact directly in the department is £1.012m. The most significant cost pressures are judged to be additional staffing costs of £0.2m for additional staffing across ASC services.

99. Additional costs of £0.4m are anticipated resulting from the cancelation of routine operations e.g. hips, knees and the long term impact this may have a care cost. Placement breakdowns in Learning Disability services are also forecast to cost an additional £0.4m.

100. Outside safe areas in care facilities are also planned at a cost of £0.2m to be funded from the Contain Outbreak Management Fund grant.

101. The NHS Hospital discharge programme has been extended and is now forecast to cost a further £1.4m though this is recovered from the additional Government funding that has been allocated to the NHS.

102. There has further tranches of the Infection Control grant and the Rapid testing grant totalling £2.9m which has been passported on to care providers in line with the grant conditions.

103. **People: Education – net budget is £4.7m; the total estimated additional costs are £0.168m (3.5%)**

104. Additional support staff resources are required in the SEND team to manage and deal with the backlog of cases resulting from the pandemic. In order to support Covid-19 recovery in the boroughs Schools, a pilot of after school provision for supervised independent study is taking place in four of the borough's secondary schools, costing circa £48k.

105. **People: Children's & Families – net budget is £44.3m; the total estimated additional costs of £1.9m (4.3%)**

106. The most significant costs forecast relate to the need for additional staffing resources, with £0.980m for addition staff predominantly source via agencies and a further £0.4m required to recruit and retain social workers. Care placements and support packages into homes to safeguard children particularly but not exclusively children with SEND and/or severe emotional and mental health needs continues as does the need for PPE. Delays in final hearings due to backlogs at Courts are causing a further £01.50m pressure. Various items are to be funded from the Contain Outbreak Management Fund and include increase in short breaks and outside safe areas to increase contact facilities.

107. **Place – net budget is £29.9m; the total estimated additional costs of £15m gross (50.2%)**

108. Strategic Property Services are forecasting a £0.2m loss of income due to Covid-19 from areas such staff car parking fees and filming income.

109. The forecast net loss of income for Culture Services continues to be £0.2m.

110. £0.3m of expenditure will funded by the Welcome Back Grant/Reopening the High Street Safely grant. Whilst the new Additional Restrictions Grant is £2.9m and expected to be fully distributed by the end of this year.

111. Temporary additional resources of £0.1m have been required in the Planning service to implement workload recovery and backlog management plan in response to the pandemic.

112. Loss of income of £0.9m is expected in Traffic and Transport services, Commercial waste, Passenger Transport, Regulatory Services, waste services, leisure services and parks activities and engagement.

113. The most substantial loss of income continues to be experienced in the decline in Parking income, the restrictions and National Lockdowns has meant less travel undertaken and less use of car parks, resulting in a forecast loss of £2.2m.

114. Operational services such as Waste, Cemeteries and Parks have all had to incur additional expenditure during the pandemic at a cost of £0.9m.

115. The Community Testing programme is forecast to cost in the region of £2m, which will be fully funded by government grant. Continuation of the Covid-19 Marshalls will cost £0.5m, Contact tracing officers £0.3m and compliance officers £0.1m will all be funded from the Contain Outbreak Management Fund.

116. The estimated Covid-19 related cost in the Housing is £3.6m, of which £1.7m is the continuation of the housing and support to protect rough sleepers, with £1.9m the impact of Covid-19 on the services ability to deliver the savings programme.

117. **Resources: net Resources budget is £26.163m; the total estimated additional costs of £5.9m (22.5%)**

118. The most significant impacts identified in Resources services relate to additional costs. £0.46m relates to additional IT requirements, £0.5m additional demand in Financial assessments and £0.75m in income collection. Additional expenditure also continues to be incurred to meet the demand in Customer operations which is being funded from the grant to support the clinically extremely vulnerable.

119. The increase in the number of discretionary housing payments resulting from Covid-19 is still to be determined and will be included in future reports.

120. There is an estimated loss of income across services in the department of £0.9m with the most significant being in catering which continues from last year though not at the same extent. The recovery of Court costs has seen an improvement and is forecast to be within budget for 2021/22 and therefore no longer a Covid-19 related pressure.

121. The forecast also includes expenditure of £1.8m that will be funded via the Winter Grant/Local Support scheme, self isolation payments of £0.6m which are also funded from a specific government grant and £0.6m for the Practical Support for those self isolating.

122. **Corporate**

123. In 2020/21 a contribution to the London provision of coroners and mortuary services cost an additional £1.4m. There has not been a further call in 2021/22 and the provision has been removed to reflect this and unspent funds from 2020/21 have been returned which will support the Council Covid-19 resources for 2021/22.

124. An estimate for Personal Protective Equipment has been included at £0.3m for use across all Council services excluding Adult Social Care where this is recorded separately for the purposes of the MHCLG return.

125. There is still a contingency held for unknown Covid-19 impacts which will be continued to be reviewed and where possible carried forward into 2022/23 to help manage longer term Covid-19 impact.

126. **Collection Fund**

127. The Collection Fund deficit is forecast to be offset by the use of the Collection Fund Equalisation Reserve, as the ongoing pressure will be spread over 3 years. The majority of the impact will be funded by the Taxation Income Guarantee and the COVID Relief Grants provided by Central Government.

128. Further details of Covid-19 variances are provided in Appendix G.

129. **Flexible Use of Capital Receipts (Appendix H)**

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

131. The Council is mindful of over reliance on, and the sustainability of, this one-off funding. In the medium to long term, alternative funding will need to be identified to fund any further projects, as capital receipts may not be available, and this flexibility will no longer be available after 2021/22. As set out in earmarked reserves below, it should be noted that the "Invest to Save" transformation reserve remains for future projects.

132. The impact of using capital receipts to fund revenue transformation projects is that these receipts are not available to fund the council's capital programme and, therefore, increase the council's borrowing requirements.

133. The Budget Report 202122 set out the plan for use of capital receipts this financial year. However, since the Budget report several new Invest to Save schemes have been approved and reflected in this report. The total forecasted call on capital receipts as at Quarter 1 is £1.826m as described in Appendix H.

134. **Achievement of Savings (Appendix I and Appendix J)**

135. A risk-based approach to the monitoring of savings is undertaken as part of the monthly budget monitoring, where a score is given in relation to the value of saving or income and the likelihood of delivery, these are then multiplied together, and the total score provides the following risk ratings:

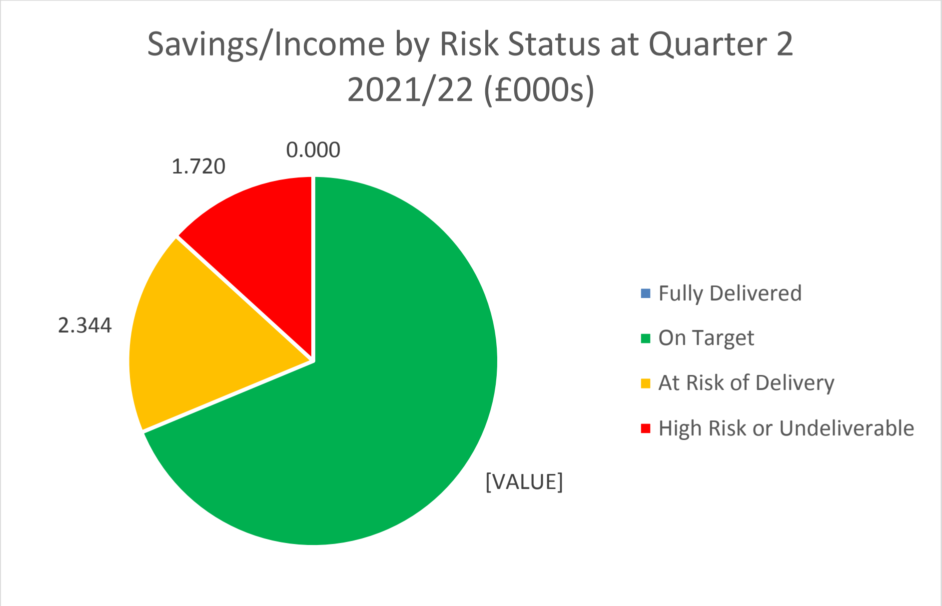
- Blue - Saving/ income has been fully delivered
- Green - Saving/ income is on target for delivery
- Amber - Saving/ income is at risk of delivery
- Red - Saving/ income is high risk or undeliverable

136. The savings include those that are new for 2021/22 plus the full year effect of previous decisions.

137. Of the £13m departmental savings, £8.9m is expected to be fully delivered at this stage.

138. However, £2.3m and £1.7m are amber or red risk status. These risk ratings are reflected in the forecast outturns for each department and predominantly relate to pressures and delays caused by the pandemic.

139. Chart 2: Savings/Income Risk Status 2021/22



140. Further details for each department are summarised in the charts and tables in Appendix I and Appendix J.

141. **Dedicated Schools Grant (DSG) (Appendix K)**

142. For 2021/22 Enfield received a total Dedicated Schools Grant allocation of £373.187m (as at December 2020) and the funding is allocated across four blocks; £283.399m for the Schools Block, £2.537m for the Central Schools Services Block, £26.553m for Early Years and £60.697m for the High Needs Block.

143. In 2020/21 there was a bought forward DSG deficit of £4.482m but due to ongoing High Needs pressures there was a net in year overspend of £3.567m resulting in a cumulative outturn deficit of £8.049m which was bought forward to 2021/22.

144. There continues to be cost pressures in supporting and providing suitable placements for SEN pupils but wherever possible pupils are now placed in borough. There is a SEN expansion programme in place which continues to increase in borough provision through expansion of current provision and the development of additional units and satellite provisions. Over time this will enable more pupils to be placed in borough and reduce the number of pupils placed out of borough in costly independent provision.

145. At the end of Quarter 2, there is a projected in year overspend of £5.608m, which includes the estimated Early Years clawback for 2020/21. The projected outturn position for 2021/22 is a deficit of £13.657m. The main pressures are within the High Needs Block and relate to the development of additional in borough provision, an increase of the number of pupils with Education, Health and Care plans (EHCPs) in mainstream schools and the development of early intervention strategies. Whilst quarter 2 has seen increased forecasts in out of borough placements.

146. The authority's ongoing and increasing DSG deficit position is a general London and national issue resulting from additional demand for high needs provision which is increasing at a higher rate than the additional funding being provided by Government. The Department for Education are

carrying out a review of SEND services and the outcomes have been delayed due to other pressures during the Covid-19 pandemic.

147. **Earmarked Reserves (Appendix L)**

148. The table below summarises the changes between the balances reported in the outturn report and what is the provisional final outturn, as well as providing the forecast position for 2021/22 based on quarter 1:

	2020/21 Outturn Report Balance £m	**2020/21 Provisional Final Outturn Balance £m**	**2021/22 Forecast based on Q2 £m**
Risk Reserve	(20.527)	(21.006)	(18.937)
Covid-19 Risk Reserve 2021/22	(10.000)	(10.000)	(10.000)
Covid-19 Reserve 2020/21	0.000	(0.433)	0.000
Balance Sheet Management	(2.000)	(3.040)	(3.040)
MTFP Smoothing Reserves	(25.155)	(39.008)	(27.499)
Service Specific Reserves	(11.161)	(11.161)	(11.375)
Property	(2.101)	(2.101)	(1.511)
Useable Reserves Sub total	**(70.218)**	**(86.749)**	**(72.362)**
Capital Financing Reserves	(23.428)	(23.428)	(23.307)
S31 Reliefs Grant	(16.554	0.000	0.000
Grants & Other Contributions	(15.130)	(15.242)	(9.468)
Insurance	(7.021)	(7.022)	(7.022)
General Fund Balance	(13.950)	(13.950)	(13.950)
Total Reserves & Balances	**(145.400)**	**(146.390)**	**(126.108)**

149. It is important to recognise that the reserves overall are limited, especially against a backdrop of challenging savings targets for 2021/22 and 2022/23. The importance of maintaining a tight control on spend, delivering on existing savings plans and recovering lost income positions due to Covid-19 cannot be understated.

150. The Risk reserve had significantly reduced over the past few years but an in year review of earmarked reserves and the final outturn position has meant that the Council has been able to replenish the risk reserve. The balance is forecast to be £19.4m at year end reflecting that the Budget was set on using £1.927m of the reserve to balance 2021/22. Given the ongoing financial uncertainty created by the pandemic and specific Covid-19 reserve was created and the balance remains at £10m.

151. The General Fund Balances are forecast to be held at £13.950m (on a net budget of £263m, i.e. 5.3%; and borrowing of £1bn). The minimum level of unallocated reserve balances is a decision reserved for the Section 151

Officer, in order to ensure operational efficacy and sustainability of the Council's financial position. The appropriate level of General Fund balances will need to be reviewed over the course of 2021/22 considering the new risks and uncertainty brought about by Covid-19.

152. The £39m Smoothing Reserves relating to Council Tax (£133m) /Business Rates (£94m) and Housing Benefits (£260m claim per year) are currently forecast to be required over the course of 2021/22 with a year end forecast of £27.5m.

153. The £23m of Capital and Minimum Revenue Provision reserves are committed for the next five years to smooth any increased budget requirement.

154. Whilst the overall total has broadly remained the same since the publication of the Outturn report, it is worth noting a key change in the presentation of the S31 Reliefs Grant. This was shown separately in the Outturn Report, however, the balance itself is in the Collection Fund Equalisation Reserve which is one of the smoothing reserves referred to above.

155. **Medium Term Financial Impact**

156. The Council remains in a financially challenging position for 2021/22. Due to the work ensuring financial resilience and sustainability the underlying budget is in good health. However, there is significant risk and uncertainty due to the ongoing pandemic, a number of key financial risks facing the Council are set out below:

- The ongoing anticipated impact of Covid-19 on council tax and business rate debt; the 2021/22 includes £3.188m was needed to be applied from reserves to address the Collection Fund deficit and £1.926m from the risk reserve to balance the overall budget for 2021/22.
- The unknown impact of Covid-19 on adult social care costs, in particular, delayed operations and long Covid-19 and undetermined suppressed need such as mental health.
- One of the most significant areas of risk is the ongoing impact on Emergency Accommodation costs arising from the economic impact of Covid-19 and suppressed need.
- The risk of increasing number of children in need as families bear the sustained economic impact of Covid-19 and increased need for respite packages for families with children with disabilities.
- Ongoing impact of Covid-19 on Council fees and charges income.
- Changes in working patterns and lifestyle impacting on car park income, waste services.
- Unknown impact on businesses and residents when furlough scheme ends in September 2021.

157. These anticipated Covid-19 financial pressures are likely to impact over the medium term, however, there is no precedent to base the forecast impact and therefore, the picture remains uncertain. In addition, the ongoing uncertainty over the medium-term funding of local government and no guarantees regarding future funding for the legacy costs of Covid-19

exacerbates this position. In this context, the action taken in 2020/21 and resulting strengthened reserves will ensure Enfield is better placed to face these challenges.

158. Full details of the of the 2021/22 budget and MTFP 2021/22 to 2025/26 can be found in the Budget Report 2021/22 and Medium-Term Financial Plan 2021/22 to 2025/26 report (KD5213) which went to Cabinet on the 3rd February 2021 and the recent MTFP 2022/23 to 2026/27 Early Saving Proposals report (KD5337) that went to Cabinet on the 13th October 2021.

159. **Safeguarding Implications**

160. There are no specific safeguarding implications arising out of these recommendations, other than to note the financial impact of safeguarding children and adults in the borough.

161. **Public Health Implications**

162. The Council moved swiftly to safeguard the health of its residents and staff during a period of threat unprecedented in living memory. As previously reported the financial implications of this have been harsh and have reached into every department in the Council. As the council is fundamental to the health of Enfield residents it needs to achieve financial balance.

163. This report notes the work that the Council is and has already undertaken and therefore in and of itself does not have public health implications. However, both the Office for Budget Responsibility (OBR) and the Institute for Financial Services (IFS) have both reported on the negative health effects of the 2008 financial crisis. In order to mitigate the effects of this current crisis the council will need to attain financial balance, consider what the 'new normal' might be and how this might be achieved whilst optimising resident's health.

164. **Equalities Impact of the Proposal**

165. 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.

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

167. **Environmental and Climate Change Considerations**

168. None in the context of this report.

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

170. None in the context of this report.

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

172. The budget risks during 2021/22 will be managed through detailed revenue monitoring reports provided regularly to Cabinet. Departments will take action to minimise budget pressures and align departmental spend to budgets. Action plans have been drawn up to manage controllable pressures in 2021/22.

173. **Financial Implications**

174. Financial implications are implicit in the body of the report. The variances and risks identified through the closure of accounts will be considered in the financial monitoring process for 2021/22.

175. **Legal Implications**

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

177. **Workforce Implications**

178. None in the context of this report.

179. **Property Implications**

180. None in the context of this report.

181. **Other Implications**

182. None in the context of this report.

183. **Options Considered**

184. Not relevant in the context of this report.

185. **Conclusions**

186. Despite the balanced position achieved in the 2020/21 outturn, the Council has not lost sight of the fact that it continues to face its most significant financial challenge and the work undertaken in previous years to create a robust and sustainable budget has at least put the Council in a strong position. Whilst the position for Quarter 1 identifies some significant pressures Executive Directors and services are working to reduce these pressures through reviews and other corporate initiatives such as Pressures Challenge Boards looking at the most significant pressure areas. The Covid-19 impact continues to be monitored and it is expected that the government funding will be sufficient to meet the Covid-19 impact, although there is of course the continued uncertainty around the impact of the pandemic and the adverse impact on the additional costs and income losses currently forecast. The risk is that this will persist into 2022/23 and beyond and there is a strong likelihood that an initial £3m to £4m will need to be built into the Medium Term Financial Plan as a one off but potentially as ongoing cost.

187. The end of the Furloughing scheme will undoubtedly see a further rise in unemployment in the Borough with further cost pressure on Council Tax Support and Council services. This is of major concern with the number of working age adults in the Borough claiming unemployment benefits having already increased 156% between January 2020 and June 2021 (from 7,285 to 18,675). And although the Council has been able to bolster its reserves in 2020/21, when this is taken into consideration this will need continual careful and prudent financial management to ensure the long term sustainability of the Council’s finances.

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Date of report: 31st October 2021

Appendices

Background Papers

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

- Revenue Outturn 2020/21 – KD5325
- Initial Assessment Report of the Financial Impact of Covid-19
- 2021/22 Budget & Medium Term Financial Plan 2021-22 to 2025-26 - KD5213
- Medium Term Financial Plan 2022/23 to 2026/27 and Early Savings Proposals (KD5337)
- Revenue Monitoring 2021/22: Quarter 1 (June 2021) – KD5334

Appendix A

Financial Resilience Key Performance Indicators

A summary overview of financial performance is outlined below in Table 4. This dashboard summary captures the key messages across the Council's main financial areas:

1. Income and expenditure;
2. Balance sheet (liquidity, debtor/creditor management, investments and use of balances); and
3. Cash flow forecasting and management.

Table 3: Summary performance overview

Financial Indicator	Status	Key Highlights
Income & Expenditure Position – General Fund year end forecast variances	⚠	The Quarter 2 forecast outturn is an adverse £0.5m variance and this does rely on the corporate contingency of £3m and management will continue to work to reduce and mitigate the pressures to reduce the call on the contingency.
Progress to Achieving Savings MTFP (current year)	⚠	Savings monitoring has identified a total of £1.7m considered a high risk rated/ undeliverable and a further £2.3m that are at risk of delivery. These are reflected in the reported overspend for Quarter 1 2021/22.
Income & Expenditure Position – DSG	⚠	The DSG forecast is a £5.6m overspend at year-end outturn against budget. Therefore, the cumulative deficit is forecast to be £13.6m and will be the first call on the 2022/23 grant allocation.
Cash Investments; Borrowing & Cash Flow	✔	The current profile of cash investments continues to be in accordance with the Council's approved strategy for prioritising security of funds over rate of return.
Balance Sheet - General Fund balances year end projections	✔	The outturn for General Fund balances is in line with expectations set out in the Council's Medium Term Financial Plan.

Appendix B

Forecasted Financial Position as at Quarter 2

	£m	£m
Covid-19 impact (2021/22)	36.892	
Covid-19 impact (2022/23)*	0.340	
Covid-19 HRA Impact (2021/22)	0.458	
		37.690
Funding		
Covid-19 Support Grant 2021/22	10.534	
Covid-19 Support Grant c/f 2020/21	4.287	
Sales, Fees & Charges support (estimate)	1.582	
Contain Outbreak Management 2021/22	2.718	
Contain Outbreak Management c/f 2020/21	3.960	
Test, Track & Trace c/f 2020/21	1.195	
Community Testing Programme	2.147	
CEV grant c/f 2020/21	0.274	
Reopening High Street Safely/Welcome Back	0.262	
ARG	2.944	
Infection Control Tranche 1 and 2	2.870	
NHS Hospital Discharge funding	1.400	
Substance Misuse	0.271	
Local Elections Grant	0.104	
Self Isolation Payment admin	0.608	
Winter Grant scheme/Local Support Grant	1.861	
Practical Support Grant	0.668	
Total Funding		37.690
Gap After Funding		**0.000**

* These are projects started in 2021/22 which will continue into 2022/23.

Chief Executive	Gross Forecast Variance (£m)	Flexible Use of Capital Receipts (£m)	Net Forecast Variance Q2 (£m)	Net Forecast Variance Q1 (£m)
Strategy, Partnership, Engagement and Consultation Gross variance relates to Invest to save project to be funded via the flexible use of capital receipts and further posts being held vacant following the implementation of a restructure.	(0.125)	(0.025)	(0.150)	0.000
Communications Gross variance relates to Invest to save project to be funded via the flexible use of capital receipts and part year reduction in costs relating to maternity leave.	0.016	(0.041)	(0.025)	0.000
Electoral Services The variance is due to spend on the bi-election in May and July, plus unclaimable expenditure incurred on the GLA elections.	0.330	0.000	0.330	0.000
Other variances	(0.100)	0.000	(0.100)	0.042
Chief Executive Total	**0.121**	**(0.066)**	**0.055**	**0.042**

Return to Chief Executive Narrative

People	Gross Forecast Variance (£m)	Flexible Use of Capital Receipts (£m)	Net Forecast Variance Q1 (£m)	Net Forecast Variance Q1 (£m)
Adult Social Care				
Strategy & Resources These services include, grants to voluntary organisations, service development Safeguarding Adults and Safeguarding Adults, deprivation of liberty safeguards (dols) as well as brokerage, contract monitoring and Safe & Connected. With an increasing number of dols year on year, there is risk costs may increase with more activity.	0.000	0.000	0.000	0.000
Mental Health The service is currently projecting a zero variance.	0.000	0.000	0.000	0.000
Learning Disabilities This service includes the in house day services. The service is projecting a slight overspend position as a result of managing demand led services. Savings will continue to be made in year however, demand for services continues to rise as a result of demographics, particularly complex and expensive transition cases.	0.322	(0.200)	0.122	0.134
Older People and Physical Disabilities (the Customer Pathway) This service includes the in house residential and nursing home. The service is currently projecting an overspend, in demand	1.448	0.000	1.448	1.400

People	Gross Forecast Variance (£m)	Flexible Use of Capital Receipts (£m)	Net Forecast Variance Q1 (£m)	Net Forecast Variance Q1 (£m)
particularly with community based services. There has been an increase in demand, following a lower number of clients last year due to Covid-19.				
Other Minor variances	0.000	0.000	0.000	0.000
Adult Social Care Sub Total	**1.770**	**(0.200)**	**1.570**	**1.534**
Public Health Grant The Departmental forecast also includes the ring fenced Public Health Grant. The Public Health grant in 2021/22 is £17.53m, this reflects an increase in the grant of grant of 1.4%, however, 0.7% of this is for PrEP (pre-exposure prophylaxis) a medicine people to prevent getting HIV. The inflation increase is therefore 0.7%. Over 85% of spend in Public Health is for services contracted to the NHS, for which a pay increase of 3% nationally has been offered (but no accepted) without additional funding. There is also a risk that demand led sexual health services post pandemic could also result in additional pressures. Whilst this year's pressures can be absorbed this year by one off savings, the risk is without additional funding for these pressures will cause an overspend in future years.	0.000	0.000	0.000	0.000
Public Health Sub Total	**1.734**	**(0.200)**	**1.534**	**1.534**
Adult Social Care & Public Health	**1.734**	**(0.200)**	**1.534**	**1.534**

People	Gross Forecast Variance (£m)	Flexible Use of Capital Receipts (£m)	Net Forecast Variance Q1 (£m)	Net Forecast Variance Q1 (£m)
Education				
Enhanced Pension costs These are the cost of former employees on enhanced pension and forecasted variance is £0.210m.	(0.230)	0.000	(0.230)	(0.210)
Exit costs from restructure in Education services	0.256	0.000	0.256	0.000
Other variances	0.016	0.000	0.016	(0.009)
Education Sub Total	**0.042**	**0.000**	**0.042**	**(0.219)**
Children and Families				
Children In Need This is predominantly because of a £0.181m adverse variance forecast in the Child Protection and Vulnerable children team due to temporary staff needed to cover maternity and sickness.	0.179	0.000	0.179	0.163
Looked After Children The main variances relate to the impact of Court delays, where this creates pressure on in house fostering allowances budget whilst has a positive impact on the Special Guardianship allowances, with a net impact of £0.099m. A £0.423m favourable variance in former unaccompanied asylum seeking children from maximising benefits for care leavers and	0.385	(0.200)	0.185	(0.120)

People	Gross Forecast Variance (£m)	Flexible Use of Capital Receipts (£m)	Net Forecast Variance Q1 (£m)	Net Forecast Variance Q1 (£m)
clients moving to their own accommodation. Adoption allowances are forecast to be £0.088m underspent and a complex care case is creating a £0.277m pressure on the support cost budget. External child care placements forecast cost pressures of £0.264m across Agency Fostering, Residential and Semi-independent categories. 27 new children placed into the External Care Purchasing cost codes of which 21 are still in care. The complexity of these young people has meant that some of these have needed to go into high cost residential placements. The semi-independent budget remains significantly overspent as young people who are very challenging are having to be placed outside of the borough (due to their own safety) which is leading to placement's being spot purchased outside of the tender framework.				
Young People & Community Safety The service is forecasting a neutral position as at quarter 2.	0.000	0.000	0.000	(0.061)
Joint Service for Disabled Children The overspend is predominantly due to an increased demand in overnight breaks, commissioning and increase in Direct Payments rate.	0.442	(0.081)	0.361	0.181
Other Variances Though the cost of translation costs and the Safeguarding and	0.096	0.000	0.096	0.056

People	**Gross Forecast Variance (£m)**	**Flexible Use of Capital Receipts (£m)**	**Net Forecast Variance Q1 (£m)**	**Net Forecast Variance Q1 (£m)**
quality assurance team.is a £0.106m overspend, this is mitigated by favourable variance in the centre of excellence.				
Children's and Families Services Sub Total	**1.102**	**(0.281)**	**0.821**	**0.219**
People Department Total		**(0.481)**		**1.534**

Return to People Narrative

Place	**Gross Forecast Variance (£m)**	**Flexible Use of Capital Receipts (£m)**	**Net Forecast Variance Q1 (£m)**	**Net Forecast Variance Q1 (£m)**
Planning Shortfall of £0.435m in Pre Planning Application and Building Control income and additional cost incurred in planning appeals . This is partly offset by favourable variance in reported in Land charges income.	0.730	(0.070)	0.660	(0.075)
Highways The £0.166m variance is due a saving proposal still to be delivered, along with essential safety works undertaken.	0.166	0.000	0.166	0.100
Street Lighting This is a result of an accrued saving from April 2019 to June 2021.	(0.290)	0.000	(0.290)	0.000
Traffic & Transportation The forecast variance is due to additional Traffic Order income.	(0.343)	0.000	(0.343)	(0.270)
Climate Action Team Favourable variances due to vacant posts and operational budgets.	(0.075)	0.000	(0.075)	(0.050)
Parking Services The forecasted variance is a result of putting in place additional traffic enforcement and parking control measures.	(1.917)	0.000	(1.917)	(1.982)

Place	**Gross Forecast Variance (£m)**	**Flexible Use of Capital Receipts (£m)**	**Net Forecast Variance Q1 (£m)**	**Net Forecast Variance Q1 (£m)**
Regulatory Services	(0.213)	0.000	(0.213)	(0.083)
Health & Safety team Due to underspends in salary costs	(0.090)	0.000	(0.090)	(0.070)
Cemeteries Positive outturn is forecast resulting from improved burial sales.	(0.150)	0.000	(0.150)	(0.100)
Waste Services The variance reported on the underlying budget is due to increased take up of the garden waste service. The flexible use of capital receipts is to fund an invest to save scheme to improve recycling rates in flats.	(0.046)	(0.118)	(0.164)	(0.028)
Commercial Waste The underlying positive forecast is due to surpluses in the schedule 2 and housing trade waste services.	(0.118)	0.000	(0.118)	(0.132)
Street Scene The £0.095m relates to early retirement exit costs.	0.095	0.000	0.095	0.000
Parks Operations/Activities & Engagement This is due to forecasted improved income from allotments and concessions.	(0.049)	0.000	(0.049)	(0.125)

Place	Gross Forecast Variance (£m)	Flexible Use of Capital Receipts (£m)	Net Forecast Variance Q1 (£m)	Net Forecast Variance Q1 (£m)
Fleet Services Salary and operational underspends	(0.095)	0.000	(0.095)	0.000
Passenger Transport Service The projected over spend is mainly due:- 1) Increase in numbers - up to 1,114 in June 2021 (from 839 in 2019/20 32% and 1,002 in 20/21 11%). 2) Increased number of single occupancy routes from 77 in 2019/20 to 103 in 21/22, with an average cost of about £25k per annum. E.g. There are 3 routes costing £40k-£43k each, another 23 routes costing between £30k-£40k, another 53 routes costing between £20k-£30k and 24 routes costing between £4k-£20k. Some of the reasons are: 1) Schooling available for more complex cases 2) Behavioural issues getting worse as they get older	1.971	0.000	1.971	1.934
Strategic Property Services Additional security at the Sloemans Farm site and reduction in Claverings Estate income is offset by underspends in salary costs and other income surpluses.	(0.033)	0.000	(0.033)	(0.313)

Place	Gross Forecast Variance (£m)	Flexible Use of Capital Receipts (£m)	Net Forecast Variance Q1 (£m)	Net Forecast Variance Q1 (£m)
Culture Services An overspend is currently forecast and the service is working on options to achieve savings and ways to mitigate the pressure and this is a reduction on previous quarter resulting for positive variances in the Dugdale budget and delays in restricting.	0.130	0.000	0.130	0.450
Meridian Water Forecasting additional meanwhile use income.	(0.401)	0.000	(0.401)	(0.500)
Housing Homelessness - £4.8m overspend. This is due to the number of tenants in EA at the start of the year being far higher than anticipated when the budgets were produced, the expectation was that there should be circa 2,750 tenants at the beginning of April 2021 however there were actually 3,442. Despite the numbers reducing throughout Q1, this does mean the cost of accommodation to the service is much higher than originally budgeted for. A plan has been formulated which will see 100 exits from EA each and every month from July ’21 onwards to bring the numbers down significantly throughout 2021/22 on top of the C.200 families (net) which have already been moved out of EA this financial year. However, even when taking account of that the service is still on course for a £3.5m overspend at the end of 2021/22.	1.200	0.000	1.200	1.200

Place	Gross Forecast Variance (£m)	Flexible Use of Capital Receipts (£m)	Net Forecast Variance Q1 (£m)	Net Forecast Variance Q1 (£m)
Other variances	(0.138)	0.000	(0.138)	(0.043)
Place Department Total	**0.271**	**(0.188)**	**0.083**	**(0.087)**

Return to Place Narrative

Resources	Gross Forecast Variance (£m)	Flexible Use of Capital Receipts (£m)	Net Forecast Variance Q2 (£m)	Net Forecast Variance Q1 (£m)
Digital Services The service has experienced challenges in recruitment which has meant a greater reliance on temporary staff which cost more than if the service could permanently recruit and this has driven up the forecast in quarter 2. Additional resources have also been required in the security service which reflects the increase risk of cyber threats. An overspend of £0.9m is forecast which is predominantly due to the need for dual running costs of the CRM/CMS system until the existing system is decommissioned at the end of the financial year and further additional security related expenditure on applications, compliancy and testing. Circa £0.160m relates to inflationary pressure on annual contracts and new spend on statutory or critical items.	1.254	(0.297)	0.958	0.754
Customer Experience Exchequer Services are reporting a favourable variance of £0.1m achieved further savings in staffing, operational costs and recharges to the pension fund. The Financial Assessment service are reporting a £0.1m adverse variance which is mainly due to automation related savings that are now unlikely to be achieved this financial year.	(0.033)	0.000	(0.033)	0.621

The Income Collection team are experiencing increased customer demand requiring additional resources to manage the workload, as well as additional resource put into support Housing Benefit sign up to assist in increasing emergency accommodation client income, alongside savings associated with the payment programme that are unlikely to be delivered this year are all contributing to a £0.24m adverse variance. Vacancies in the Customer Service team are contributing to a forecast £0.2m underspend. Whilst strong income generation in the visa verification service is leading to a favourable forecast of £0.05m in the libraries service.				
Transformation The forecast overspend is transformation project costs and are planned as described in the Budget Report 2021/22 to be funded by the Flexible use of capital receipts.	0.844	(0.844)	0.000	0.000
Other variances	0.365	0.000	0.365	0.212
Resources Department Total	**2.369**	**(1.140)**	**1.229**	**1.587**

Return to Resources Narrative

Appendix G

Covid-19 Impact	Additional Expenditure	Loss of income	Impact on Savings
	£m	£m	£m
Chief Executive			
CEX: Life After Loss Project with CAB	0.070	0.000	0.000
CEX: Additional legal to cover C&F case work (2 lawyers and a paralegal)	0.255	0.000	0.000
CEX: Communications Officer	0.030	0.000	0.000
CEX: Communications & Marketing	0.104	0.000	0.000
CEX: Additional Elections cost	0.191	0.000	0.000
CEX: Emergency Planning	0.044	0.000	0.000
Chief Executive Total	**0.694**	**0.000**	**0.000**
People			
Adult Social Care			
ASC: Additional Social Workers/agency staff-MH	0.058	0.000	0.000
ASC: Additional Social Workers/agency staff-OP/PD Social workers and OTs	0.030	0.000	0.000

ASC: Additional Social Workers/agency staff-Enablement staff DTA	0.040	0.000	0.000
ASC: Additional Social Workers/agency staff-LD	0.045	0.000	0.000
Specialist nursing care to providers LD/MH	0.050	0.000	0.000
Additional payments to carers to cover self isolating	0.010	0.000	0.000
ASC: Expenditure on P-cards: food, supplies, care of pets, transport.	0.030	0.000	0.000
ASC: Additional long term care purchasing costs as a result of cancelation of routine operations, hip, knee etc	0.400	0.000	0.000
ASC: Learning Disability Service – Placement breakdown	0.350	0.000	0.000
ASC: Hospital Discharge	1.400	0.000	0.000
ASC: Infection Control/Rapid Testing	1.426	0.000	0.000
ASC: Infection Control/Rapid Testing	0.179	0.000	0.000
ASC: Infection Control/Rapid Testing	0.050	0.000	0.000
ASC: Infection Control/Rapid Testing-2	0.478	0.000	0.000
ASC: Infection Control/Rapid Testing-2	0.533	0.000	0.000
ASC: Infection Control/Rapid Testing-2	0.205	0.000	0.000

ASC: Outside Safe areas	0.200	0.000	0.000
Public Health			
Public Health: Community Food Co-ordinator	0.028	0.000	0.000
Public Health: Vaccination Bus	0.300	0.000	0.000
Public Health: Rough Sleeping Drug and Alcohol Treatment Grant	0.271	0.000	0.000
Public Health: Outreach support for rough sleepers, people living in encampments, Gypsy Roma and Traveller community.	0.075	0.000	0.000
Public Health: Testing	1.350	0.000	0.000
Public Health: Vaccination deployment	0.700	0.000	0.000
Public Health: Surge Testing	0.723	0.000	0.000
Public Health Consultant & Health Protection Practitioner	0.130	0.000	0.000
Health & Adult Social Care Total	**9.061**	**0.000**	**0.000**
Children's & Families			
C&F: Care placements, support packages into homes to safeguard children particularly but not exclusively children with SEND and/or severe emotional and mental health needs	0.036	0.000	0.000
C&F: Additional staffing resources	1.343	0.000	0.000
C&F: Block booking placements	0.060	0.000	0.000
C&F: PPE for Children's Services (including Leaving care)	0.030	0.000	0.000
C&F: Other Children's related expenditure.	0.005	0.000	0.000

C&F: Increased support for care leavers, increased allowances and cost of accommodation.	0.015	0.000	0.000
C&F: Increased in Short Breaks (JSDC)	0.100	0.000	0.000
C&F: Play equipment (JSDC)	0.025	0.000	0.000
C&F: Our voice parent forum (JSDC)	0.010	0.000	0.000
C&F: Additional home care for children with complex medical needs (JSDC)	0.030	0.000	0.000
C&F: Outside safe areas to increase contact facilities	0.068	0.000	0.000
C&F: Youth Services	0.027	0.000	0.000
C&F: Delays in final hearings due to backlog at Courts	0.152	0.000	0.000
C&F: Covid-19 Reward Payments (JSDC)	0.003	0.000	0.000
C&F: Configuration of laptops provided by the DfE for care leavers	0.016	0.000	0.000
C&F: Youth Participation Consultation & Engagement Recovery Project	0.028	0.000	0.000
Children's & Families Total	**1.948**	**0.000**	**0.000**
Education			
Education: SEND support staff	0.120	0.000	0.000
Education: pilot after-school provision for supervised independent study at four Enfield secondary schools	0.048	0.000	0.000
Education Total	**0.168**	**0.000**	**0.000**

People Total	**11.178**	**0.000**	**0.000**
Place			
Housing: Emergency bed spaces for rough sleepers	1.900	0.000	0.000
Continuation of housing and support to protect rough sleepers from Covid-19	1.700	0.000	0.000
ARG Grant	2.944	0.000	0.000
Welcome back fund (Phase 2)	0.262	0.000	0.000
Vehicles (Waste, Street Scene and Parks, PTS Services additional costs due to Covid-19)	0.084	0.000	0.000
Fleet Staffing Covid Costs	0.115	0.000	0.000
Covid Marshals	0.487	0.000	0.000
PPE Waste, Street Scene and Parks, PTS Services additional costs due to Covid	0.021	0.000	0.000
Env & Ops: EHOs for outbreak control and implicated premises	0.063	0.000	0.000
Env & Ops: Covid-19 Compliance Officers	0.055	0.000	0.000
Env & Ops: Locally Supported contact tracing	0.264	0.000	0.000
Env & Ops: Reopening Barrowell Green	0.054	0.000	0.000

Community Mass Testing Programme and Mobile testing units	2.147	0.000	0.000
Env & Ops: Vaccination Centre	0.003	0.000	0.000
Parks Signs and Comms	0.004	0.000	0.000
Parks Operations Additional Staffing	0.113	0.000	0.000
NRSWA Signs and Comms	0.037	0.000	0.000
Street Scene Additional Staffing	0.132	0.000	0.000
Waste Op Additional Staffing	0.449	0.000	0.000
Env & Ops: Bulky Waste	0.150	0.000	0.000
Env & Ops: Mortuary and funerals (Haringey shared service)	0.030	0.000	0.000
Property: Additional cleaning, hand santisers and materials in council buildings (FM)	0.020	0.000	0.000
Strategic Planning & Design, CIL, S106 loss of income	0.000	0.160	0.000
Loss of income from advertising on Highways	0.000	0.060	0.000
Reduction in TFL funding	0.000	0.253	0.000
Pay and display and parking enforcement income	0.000	2.182	0.000
Regulatory services e.g. trading standards, licencing, enviro crime etc	0.000	0.063	0.000

Waste services income	0.000	0.064	0.000
Loss in Commercial waste income	0.000	0.033	0.000
Parks activities such as sports pitches and events	0.000	0.044	0.000
Loss of income from Fusion contract	0.000	0.352	0.000
Passenger Transport income	0.000	0.066	0.000
Income from filming, staff car parking fees and rents	0.000	0.183	0.000
Community halls and youth service	0.000	0.182	0.000
Culture services	0.000	0.200	0.000
Meanwhile use from Meridian Water	0.000	0.060	0.000
Place Total	**11.164**	**3.852**	**0.000**
Resources			
Winter Grant	1.861	0.000	0.000
Practical Support for those Self Isolating	0.668	0.000	0.000
Customer Experience: Financial Assessments staff overtime	0.174	0.000	0.000
Customer Experience: Civica on Demand Extra staff - Benefits	0.240	0.000	0.000
Customer Experience: Additional Financial assessment staff	0.086	0.000	0.000
Customer Experience: Additional Resources in Income & Debt service post COVID recovery	0.342	0.000	0.000

Customer Experience: Inc & Debt staff time	0.023	0.000	0.000
Customer Experience: Inc & Debt agency staff	0.055	0.000	0.000
Customer Experience: Inc & Debt Civica on Demand	0.336	0.000	0.000
Digital: Overtime	0.025	0.000	0.000
Digital: H&S equipment such as cleaners, storage, safe disposal, collection of equipment	0.005	0.000	0.000
Digital: Changes to 4th floor/Basement layout	0.015	0.000	0.000
Digital: Additional remote working devices	0.250	0.000	0.000
Digital: Adjustments to allow people with Disability to work remotely	0.020	0.000	0.000
Digital: Increased correspondence with customers to improve collection rates impacted by Covid-19	0.150	0.000	0.000
Customer Experience: Community Hub Lead	0.045	0.000	0.000
Customer Experience: Customer Services additional agency staff	0.176	0.000	0.000
Self Isolations Payments	0.608	0.000	0.000
Schools Catering service income	0.000	0.426	0.000
Music Service	0.000	0.000	0.000

Libraries service income	0.000	0.230	0.000
Other Resources services loss of income e.g. recharges	0.000	0.247	0.000
Resources Total	**5.077**	**0.903**	**0.000**
Corporate			
Corporate: Share of increase mortuary and coroners' provision across London.	0.000	0.000	0.000
Corporate: Personal Protective Equipment across all Council services	0.300	0.000	0.000
Corporate: Communications with residents, banners, posters and guidance	0.030	0.000	0.000
Other miscellaneous costs	0.100	0.000	0.000
Corporate: COVID-19 Pressures Contingency	3.124	0.000	0.000
Corporate: Support for vulnerable groups and targeted community interventions - Housing	0.220	0.000	0.000
COMF: Prevention etc	0.250	0.000	0.000
Corporate Total	**4.023**	**0.000**	**0.000**
Covid-19 Total	**32.137**	**4.755**	**0.000**

Return to Covid-19 Narrative

2021/22 Cost of Transformation Initiatives	£m	Planned Savings and Demand Reductions
People		
Children's & Families	0.200	Investment in year 1 of the "Break the Cycle" initiative within Children's and Families services.
Children's & Families	0.081	Specialist Outreach Service
Adult Social Care	0.200	Smooth and cost effective transition back into Enfield adult service from Residential schools
Chief Executive		
Communications	0.041	Reflects transfer of Communications post from the Transformation team to the Communications team.
Corporate Strategy	0.025	Digital Development Programme (Digital Infrastructure & Inclusion)
Resources		
Digital Services IT		
Digital Services	0.297	To develop business cases for new projects as part of the Portfolio's pipeline. This will start in 2020/21 with £60k forecast, however, if there are any delays to recruitment then this will carry forward to 2021/22.
Transformation	0.844	The Transformation Service manages a diverse Portfolio of Programmes, designing, planning and managing activity on behalf of Directors across the council, hiring and managing specialist IT and other resources, as required for each individual project. This includes delivery of new operating models, structures, processes and culture

2021/22 Cost of Transformation Initiatives	£m	Planned Savings and Demand Reductions
		driven by user needs and enabled by technology. Capital receipts are used to support the funding of the following programmes: Payments, Children's Transformation, Build the Change, Customer Experience.
Place		
Planning	0.070	Planning Commercial and Customer Manager
Waste	0.068	Recycling Improvements in Flats
Total to be funded from the Flexible Use of Capital Receipts 2021/22	**1.826**	

Return to Capital Receipts Narrative

Appendix I

Achievement of Savings and Income in MTFP

Savings by Department	CEx	People	Place	Resources	Corporate	Grand Total
	£m	£m	£m	£m	£m	£m
FYE	0.000	0.000	2.485	0.440	(1.500)	1.425
New 2020/21	0.800	3.485	2.113	0.850	0.000	7.248
Savings Total	0.800	3.485	4.598	1.290	(1.500)	8.673

Income by Department	CEx	People	Place	Resources	Corporate	Grand Total
	£m	£m	£m	£m	£m	£m
FYE	0.050	0.100	1.659	0.140	0.000	1.949
New 2020/21	0.000	0.120	2.255	0.000	0.000	2.375
Income Total	0.050	0.220	3.914	1.430	0.000	5.614

Total Savings & Income by Department	CEx	People	Place	Resources	Corporate	Grand Total
	£m	£m	£m	£m	£m	£m
FYE	0.050	0.100	4.144	0.580	(1.500)	3.374
New 2020/21	0.800	3.605	4.368	0.850	0.000	9.623
Total	0.850	3.705	8.512	1.430	(1.500)	12.997

Total Savings & Income by Department by Risk Status	CEx	People	Place	Resources	Corporate	Grand Total
	£m	£m	£m	£m	£m	£m
Blue	0.000	0.720	1.363	(0.600)	(1.500)	(0.017)
Green	0.850	2.166	4.184	1.750	0.000	8.950
Amber	0.000	0.599	1.465	0.280	0.000	2.344
Red	0.000	0.220	1.500	0.000	0.000	1.720
Total	0.850	3.705	8.512	1.430	(1.500)	12.997

Return to Achievement of Savings Narrative

Appendix J

Savings & Income Monitor

Department	Directorate	FYE/New 2020/21	Savings or Income	Title and Short Description	Risk Score	Budget Impact 2021/22 £'000
CEX	CEX	Full Year Effects	Income	Improve our registration offer to local residents	1.5	(50)
CEX	CEX	New Savings/Income Proposals	Saving	Staff Restructures	3.5	(800)

Department	Directorate	FYE/New 2020/21	Savings or Income	Title and Short Description	Risk Score	Budget Impact 2021/22 £'000
People	ASC	New Savings/Income Proposals	Savings	Recommissioning & Procurement	0.0	(190)
People	ASC	New Savings/Income Proposals	Savings	Independence & Wellbeing Senior Management Restructure – Staffing	0.0	(180)
People	ASC	New Savings/Income Proposals	Savings	Learning Disabilities Care Purchasing	0.0	(325)
People	ASC	New Savings/Income Proposals	Savings	Reduced cost of DOLs (Deprivation of Liberty Safeguards)	0.0	(25)

Department	Directorate	FYE/New 2020/21	Savings or Income	Title and Short Description	Risk Score	Budget Impact 2021/22 £'000
People	ASC	New Savings/Income Proposals	Savings	Use of Technology	1.5	(40)
People	C&F	New Savings/Income Proposals	Savings	Review of threshold in financial assessment of new Special Guardians	1.5	(80)
People	Education	New Savings/Income Proposals	Savings	Reduction in the Children Centre Service – Service Reduction	1.5	(50)
People	Education	New Savings/Income Proposals	Savings	Career Service Restructure – Service Reduction	1.5	(46)
People	Education	New Savings/Income Proposals	Savings	DSG Substitution - no impact on services	2.5	(100)
People	Public Health	New Savings/Income Proposals	Savings	Staff Reductions in the Commissioning Team and the Smoking Cessation Team – Service Reduction	2.5	(100)
People	ASC	New Savings/Income Proposals	Savings	Staff Reduction – Service Reduction	3.5	(750)
People	C&F	New Savings/Income Proposals	Savings	Care Leavers commissioning and benefit maximisation - Efficiency	3.5	(500)
People	C&F	New Savings/Income Proposals	Savings	Service Restructure – Service Reduction (excluding frontline staff)	3.5	(500)

Department	Directorate	FYE/New 2020/21	Savings or Income	Title and Short Description	Risk Score	Budget Impact 2021/22 £'000
People	C&F	New Savings/Income Proposals	Savings	Children in Care – reduction	5.0	(210)
People	ASC	New Savings/Income Proposals	Savings	Maximise use of block contracts and in-house services	7.0	(389)
People	ASC	Full Year Effects	Income	Increased income through fees and charges for chargeable Adult Social Care Services	10.0	(100)
People	ASC	New Savings/Income Proposals	Income	Additional income	10.0	(120)

Department	Directorate	FYE/New 2020/21	Savings or Income	Title and Short Description	Risk Score	Budget Impact 2021/22 £'000
Place		Full Year Effects	Saving	Rationalisation of property estate	0.0	(640)
Place		New Savings/Income Proposals	Saving	Bring forward operational property consolidation	0.0	(390)
Place		Full Year Effects	Income	Reprofiled Holly Hill Bunding Income	0.0	600
Place		Full Year Effects	Saving	Parking Contract Renewal	0.0	(35)
Place		Full Year Effects	Saving	Additional LED street light savings	0.0	(260)

Department	Directorate	FYE/New 2020/21	Savings or Income	Title and Short Description	Risk Score	Budget Impact 2021/22 £'000
Place		Full Year Effects	Income	Waste Savings - Place element of the £2.5m over 2 years	0.0	(700)
Place		New Savings/Income Proposals	Income	Additional income from Green Waste collection as demand for service has exceeded initial projections	0.0	(250)
Place		New Savings/Income Proposals	Saving	Morson Road rent review	0.0	(200)
Place		Full Year Effects	Income	Southgate Cemetery - Mausoleum and Vaulted graves sales	0.0	149
Place		Full Year Effects	Income	Edmonton Cemetery Expansion - sales of mausolea and vaulted graves	0.0	(6)
Place		New Savings/Income Proposals	Saving	Close canteen	0.0	(18)
Place		Full Year Effects	Income	Meridian Water Meanwhile use income	0.0	387
Place		New Savings/Income Proposals	Saving	Further review of property portfolio	1.5	(80)
Place		Full Year Effects	Saving	Insource Cleaning Contract ongoing efficiencies	1.5	(50)
Place		Full Year Effects	Income	Cemeteries Mausoleum and Vaulted graves sales - Southgate Cemetery	1.5	(60)
Place		New Savings/Income Proposals	Income	Traffic Orders	2.5	(125)

Department	Directorate	FYE/New 2020/21	Savings or Income	Title and Short Description	Risk Score	Budget Impact 2021/22 £'000
Place		New Savings/Income Proposals	Income	Parking charges	2.5	(100)
Place		Full Year Effects	Income	Genotin Road Car Park Redevelopment	2.5	(1,579)
Place		New Savings/Income Proposals	Income	Whitewebbs Lease income	2.5	(100)
Place		Full Year Effects	Income	Inflation uplift on external clients and receipts income	2.5	(180)
Place		New Savings/Income Proposals	Income	Planning Income - Expanding Services	2.5	(100)
Place		New Savings/Income Proposals	Saving	Review of property portfolio	3.0	(50)
Place		Full Year Effects	Income	Building Control Plan Drawing Service	3.0	(30)
Place		New Savings/Income Proposals	Income	Bunding Income (one off in 2021/22)	3.5	(400)
Place		New Savings/Income Proposals	Income	Economic Development Team	3.5	(400)
Place		New Savings/Income Proposals	Saving	Facilities Management Review	3.5	(400)

Department	Directorate	FYE/New 2020/21	Savings or Income	Title and Short Description	Risk Score	Budget Impact 2021/22 £'000
Place		New Savings/Income Proposals	Income	Additional Income due to 5% increase in Fees & Charges	3.5	(280)
Place		New Savings/Income Proposals	Income & Saving	Reduction in highways service	3.5	(250)
Place		Full Year Effects	Income	Market Rentals for Council Properties	4.5	(20)
Place		Full Year Effects	Income	Sub-stations rent reviews	4.5	(50)
Place		New Savings/Income Proposals	Saving	CMFM reduction in agency staff	5.0	(125)
Place		New Savings/Income Proposals	Saving	Reduction in Highways Services	5.0	(100)
Place		New Savings/Income Proposals	Income	Enforcement efficiencies	5.0	(200)
Place		Full Year Effects	Income	Increase in fee income in the planning service	5.0	(170)
Place		New Savings/Income Proposals	Income	Planning - expand services	5.0	(150)
Place		New Savings/Income Proposals	Saving	Reduce building maintenance	7.0	(500)

Department	Directorate	FYE/New 2020/21	Savings or Income	Title and Short Description	Risk Score	Budget Impact 2021/22 £'000
Place		New Savings/Income Proposals	Income	Review of Parking Permit Charges	7.5	(150)
Place		Full Year Effects	Saving	Temporary Accommodation - Future Years	15.0	(1,500)

Department	Directorate	FYE/New 2020/21	Savings or Income	Title and Short Description	Risk Score	Budget Impact 2021/22 £'000
Resources		Full Year Effects	Saving	Procurement saving resulting from replacing our digital customer platform	0.0	600
Resources		Full Year Effects	Saving	Payments Programme - new system allowing efficiencies in Exchequer	1.5	(60)
Resources		Full Year Effects	Saving	Application Rationalisation - ongoing reduction of other applications	2.5	(200)
Resources		Full Year Effects	Saving	Rationalisation of telephony contracts	2.5	(200)
Resources		Full Year Effects	Income	Digital support to the UK immigration and visa verification service	2.5	(140)
Resources		New Savings/Income Proposals	Saving	Catering Service efficiencies	2.5	(200)
Resources		Full Year Effects	Saving	Reducing costs associated with data storage	3.5	(300)
Resources		New Savings/Income	Saving	Staffing efficiencies within Resources Department	3.5	(650)

Department	Directorate	FYE/New 2020/21	Savings or Income	Title and Short Description	Risk Score	Budget Impact 2021/22 £'000
		Proposals				
Resources		Full Year Effects	Saving	On line forms and ability to upload information required to go into back office systems for revenues and benefits	5.0	(120)
Resources		Full Year Effects	Saving	Greater automation to reduce staff resources in administering DWP notifications	5.0	(60)
Resources		Full Year Effects	Saving	Customer Service Centre demand reduction and channel shift	5.0	(100)

Return to Achievement of Savings Narrative

Dedicated Schools Grant	**Forecast Variance Q1** **(£m)**
Early Years **High Needs Block** The main pressures are within the High Needs Block and relate to the development of additional in borough provision, an increase of the number of pupils with Education, Health and Care plans (EHCPs) in mainstream schools and the development of early intervention strategies. Other variances	1.330 4.745 (0.466)
DSG Total	**5.610**

Return to DSG Narrative

Appendix L

Reserves	Balances Reported in Outturn Report £m	Provisional Outturn 31 March 2021 £m	Forecast Transfers 2021/22 £m	Forecast Balance 31 March 2022 £m
General Fund				
Risk Reserve	**(20.527)**	**(21.006)**	**2.069**	**(18.937)**
Covid-19 Reserve 2020/21	**0.000**	**(0.433)**	**0.433**	**0.000**
Covid-19 Reserve 2021/22+	**(10.000)**	**(10.000)**	**0.000**	**(10.000)**
Balance Sheet Management	**(2.000)**	**(3.040)**	**0.000**	**(3.040)**
Collection Fund Equalisation EM reserve	(10.542)	(24.396)	5.819	(18.577)
Housing Benefit Smoothing Reserve	(9.566)	(9.566)	4.290	(5.276)
Adult Social Care Smoothing Reserve	(3.697)	(3.697)	1.400	(2.297)
North London Waste Authority Reserve	(1.349)	(1.349)	0.000	(1.349)
Medium Term Financial Planning Smoothing Reserves	**(25.155)**	**(39.008)**	**11.509**	**(27.499)**
MRP Equalisation	(17.138)	(18.765)	0.121	(18.644)
Interest Rate Fluctuations	(4.663)	(4.663)	0.000	(4.663)
Capital Financing Reserves	**(21.801)**	**(23.428)**	**0.121**	**(23.307)**
Service Specific Reserves	(11.161)	(11.161)	(0.214)	(11.375)
Property	(2.101)	(2.101)	0.590	(1.511)
S31 Relief Grant	#(16.554)	0.000	0.000	0.000
Covid-19 Grant	(4.288)	(4.288)	4.288	0.000
Other Grant Reserves	(10.842)	(10.954)	1.486	(9.468)
Grants & Other Contributions	**(15.130)**	**(15.242)**	**5.774**	**(9.468)**

General Fund Usable Reserves Sub Total	**(124.429)**	**(125.419)**	**20.282**	**(105.137)**
Insurance	(7.021)	(7.022)	0.000	(7.022)
General Fund Balance	(13.950)	(13.950)	0.000	(13.950)
Total General Fund Reserves and Balances	**(145.400)**	**(146.390)**	**20.282**	**(126.108)**
HRA				
HRA Repairs Fund	(6.174)	(15.045)	(11.996)	(27.040)
HRA Insurance	(0.323)	(0.323)	0.000	(0.323)
Total HRA Reserves	**(6.497)**	**(15.428)**	**0.000**	**(15.428)**
HRA Balance	**(4.623)**	**(9.943)**	**(0.500)**	**(10.443)**
Total HRA Reserves and Balances	**(11.120)**	**(25.311)**	**0.000**	**(37.806)**
Schools				
Schools' Balance	0.241	0.242	0.000	0.242
Dedicated Schools' Grant	^8.069	0.000	0.000	0.000
Total Schools' Reserves and Balances	**8.310**	**0.242**	**0.000**	**0.242**

The S31 reliefs were shown as a separate item in the Outturn report. The balance is in the Collection Fund equalisation Reserve balance for the final outturn.

^ The dedicated Schools Grant deficit balance is no longer reported in the Earmarked reserves and as per accounting regulations is shown as an unusable balance in the Council Statement of Accounts.

Return to Reserves Narrative

Contain Outbreak Management Fund Appendix M

MHCLG Category	Expenditure Breakdown	£m's
Support for vulnerable groups and targeted community interventions	Continuation of housing and support to protect rough sleepers from Covid-19	1.700
	Corporate: Support for vulnerable groups and targeted community interventions	0.220
	Housing: Emergency bed spaces for rough sleepers	0.961
	Public Health: Outreach support for rough sleepers, people living in encampments, Gypsy Roma and Traveller community.	0.075
Testing	Public Health: Surge Testing	0.724
	Public Health: Testing	1.350
Vaccine deployment	Public Health: Vaccination deployment	0.700
	Public Health: Vaccination Bus	0.300
	Vaccination Centre	0.003
Compliance and Enforcement: COVID-19 Secure Marshals or equivalents (including overtime)	Env & Ops: Covid-19 Marshalls	0.487
Compliance and Enforcement: Environmental Health Officers (EHOs) (including overtime)	Env & Ops: EHOs for outbreak control and implicated premises	0.063
Compliance and Enforcement: other activities and staff	CEX: Communications & Marketing	0.104
	CEX: Communications Officer	0.030
	Env & Ops: Covid-19 compliance officers	0.055
	Env & Ops: Locally Supported contact tracing	0.264
Other	C&F: Increased in Short Breaks (JSDC)	0.100
	C&F: Our voice parent forum (JSDC)	0.010
	C&F: Outside safe areas to increase contact facilities	0.068
	C&F: Play equipment (JSDC)	0.025
	COMF Other	0.130
Other: Prevention, management of local outbreaks and data intelligence, surveillance and communications.	ASC: Outside Safe areas	0.200
	C&F: Covid-19 Reward Payments (JSDC)	0.005
	COMF: Prevention etc	0.250
	PPE Waste, Street Scene and Parks, PTS Services additional costs due to Covid-19.	0.021
Total		**7.784**

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London Borough of Enfield

Meeting Date : Cabinet 8th December 2021

Subject: Capital Programme Monitor Second Quarter (September) 2021

Cabinet Member: Councillor Maguire

Key Decision: KD5340

Purpose of Report

1. The purpose of this report is to inform Members on the current position (as at the end of Sept 2021) of the Council's 10 Year Capital Programme 2021/22 to 2030/31, considering the latest information available for all capital schemes including the funding arrangements.

2. The report shows that the 2021/22 forecast year end expenditure for the approved programme is projected to be £128,981k for the General Fund, £88,347k for the Housing Revenue Account (HRA) and £34,272k for Enfield Companies. It should be noted that the year-end forecasts have been provided against a backdrop of economic uncertainty, regarding supply chain challenges, building cost inflation and other factors outside of the control of those delivering the projects. Consequently , whilst based on best known information at Quarter 2 , there are likely to be changes to forecasts in the November Capital Monitor. The HRA Revenue and Capital monitoring are reported separately, with a single summary line included in this report.

3. The report sets out the estimated capital spending plans for 2021/22 to 2030/31 including the proposed arrangements for funding and confirms that the revenue capital financing costs for the programme are provided for in the budget.

4. On 2nd March 2021, Council approved the 2021/22 Capital Budget and noted the 2021/22-2030/31 10 Year Programme (KD5210). This included approval for the HRA 10 Year Capital Programme of £1,226,069k.

5. The 2021/22 Capital budgets include new programmes, which were approved as part of the budget setting process. These new programmes were described as 'Requested Additions'.

6. Each 'Requested Addition' is subject to a separate individual report, which grants the approval to spend the budget envelope approved by Council. Table 3 details those projects which have obtained the relevant approval to spend and are included in the approved Capital Programme.

7. Appendix B lists the projects where individual approvals are still required.

Proposal(s)

8. It is recommended that Cabinet notes;

9. The inclusion of the following capital programmes, including updated grant funding, as detailed in Table 3. The programmes listed below, were included as 'Requested Additions' in the Council's 10 Year Capital Programme and have now been granted approval to spend:

   a. Corporate Condition Programme-KD5371
   b. IT Investment
   c. Community safety
   d. Housing Adaptations and Assistance-KD5365

10. It is recommended that Cabinet recommends to Council, approval of the following additions to the capital programme as detailed in Table 4:

   a. Community Safety – Youth Bus
   b. Edmonton Cemetery Mausoleum
   c. Housing Adaptations and Assistance
   d. Joyce and Snells
   e. Tennis Courts at Broomfield Park
   f. Healthy Streets
   g. TFL-Traffic and Transportation
   h. HGL - Enfield Let Equity Investment

11. Appendix A details the revised 10 Year Capital Programme including all programmes with approval to spend. The total budget is £1,730,629k.

12. Appendix B details requested additions, that are subject to further approval.

13. Appendix C details the total revised 10 Year Capital Programme. The total budget is £2,691,468k.

Relevance to the Council's Corporate Plan

14. The overarching aim of the Council's Capital Programme 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. The objectives are to:

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

15. The Corporate plan also identifies 3 guiding principles, which underpin these objectives; they will govern how the Council communicates with residents, works with residents and works as efficiently as possible, including increasing resident access to digital services and transactions.

Background

16. The Council's Capital Programme is regularly reviewed, and monitoring reports are submitted to Cabinet on a quarterly basis. In addition, the Capital Finance Board maintains a strategic overview of the financial management of the capital programme and provides an additional level of scrutiny for the major projects. The Council continually strives to maximise external grants and contributions and attract new income streams to fund projects wherever possible and minimise the need to borrow.

17. This is the second report on the Capital Strategy (2021/22) and 10 Year Capital Programme (2021/22 to 2030/31). The report is at the end of the second quarter of 2021/22 financial year.

Impact of External Economic factors

18. Inflationary increases, particularly construction related are forecast to impact on a number of the building programmes. Increasing cost of construction is being widely reported at every level, with materials and labour increasing in price. The demand for construction materials is increasing as Governments across the world try to revive and stimulate economic growth following Covid-19. The supply of skilled construction labour is being impacted by both Covid-19 and Brexit related challenges.

19. Supply chain delays are also being reported, with a potential impact on delivery timetables.

20. Work is ongoing to understand the impact on delivery timelines and cost of affected programmes and this has been referenced, where relevant, against specific programmes. Where evidence indicates a current year programme will cost more to deliver, options including the removal or reduction of existing approved programmes will be investigated

Main Considerations for the Council

21. The total Capital Programme, detailing all programmes with the relevant approval to spend, is detailed in Appendix A. It shows the revised 10 Year position inclusive of carry-forwards from 2020/21.

22. The capital budget for the current financial year is summarised in Table 1 below and provides the latest position reflecting updated expenditure profiles as advised by programme managers. Growth of £8,535k is split between new schemes that have been added to the programme since 1st April 2021 and those programmes, classed as Requested Additions , which have now obtained the relevant approval to spend allocated budgets. Growth is further analysed in Table 3 (Approved Requested Additions) and Table 4 (Capital Programme Growth) of the report.

TABLE 1 - Capital Programme with Spending Approval

Capital Programme with Spending Approval	2021/22 Revised Budget(Q1)	Reprofiling	Growth	Reductions	2021/22 Forecast	Actual Expenditure
	£000	£000	£000	£000	£000	£000
Resources	6,425	(2,610)	390	0	4,205	1,137
People	15,617	(3,776)	240	0	12,081	3,152
Place	45,119	(11,510)	7,655	0	41,557	13,902
Place-Meridian Water	109,739	(38,602)	0	0	71,137	12,948
General Fund	176,901	(56,498)	8,285	0	128,981	31,139
Energetik	25,000	(10,500)	0	0	14,500	14,500
Housing Gateway Ltd	48,816	(29,294)	250	0	19,772	6,000
Total General Fund	226,917	(96,291)	8,535	0	163,253	51,639
Place-HRA	116,053	(27,706)	0	0	88,347	29,591
Total Capital Programme	366,770	(123,997)	8,535	0	251,601	81,230

Reprofiling

23. These are changes in the timing of expenditure from the approved programme, between financial years, with no reported increase or decrease in the full life budget requirement.

24. At Quarter two, £123,997k is to be reprofiled from 2021/22 to future years, this represents 34% of the total revised budget.

25. Table 2 below analyses the budget reprofiling, with explanations below the table for the significant items.

TABLE 2 - Capital Programme Re-profiling

Budget Reprofiling	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27 - 2030/31	Future Years	Funding Source
	£000	£000	£000	£000	£000	£000	£000	
IT Investment	(2,610)	2,610	0	0	0	0	0	*Borrowing*
RESOURCES	**(2,610)**	**2,610**	**0**	**0**	**0**			
Schools' Capital Programme	(3,776)	3,776	0	0	0	0	0	*Grant (ESFA)*
PEOPLE	**(3,776)**	**3,776**	**0**	**0**	**0**	**0**	**0**	
Energy Decarbonisation (RE:FIT)	(419)	419	0	0	0	0	0	*Grant*
Edmonton Cemetery	(800)	800	0	0	0	0	0	*Borrowing*
Meridian Water	(38,602)	27,902	0	0	0	0	10,700	*Borrowing and External Contribution*
Montagu Industrial Estate	(4,000)	4,000	0	0	0	0	0	*Borrowing*

Town Centre Regeneration	(1,850)	1,850	0	0	0	0	0	*Borrowing and Grants*
Genotin Road (Metaswitch)	500	(500)	0	0	0	0	0	*Borrowing*
Corporate Condition Programme	(1,624)	1,624	0	0	0	0	0	*Borrowing*
Build the Change- CPIP - Hub 1 - Civic Centre	498	(498)	0	0	0	0	0	*Borrowing*
Build the Change- CPIP - Hub 2 - Dugdale/Thomas Hardy	(648)	648	0	0	0	0	0	*Borrowing*
Electric Quarter	(1,667)	1,667	0	0	0	0	0	*Borrowing*
Land Investment	(1,500)	1,500	0	0	0	0	0	*Borrowing*
PLACE	**(50,112)**	**39,412**	**0**	**0**	**0**	**0**	**10,700**	
Energetik	(10,500)	2,000	1,500	7,000	0	0	0	*Borrowing/Grant*
Housing Gateway Ltd	(29,294)	25,919	3,375	0	0	0	0	*Borrowing*
COMPANIES	**(15,994)**	**27,919**	**4,875**	**6,698**	**0**	**0**	**0**	
Place – HRA	(27,706)	(46,615)	65,168	10,593	31,102	(32,542)	0	*Various*
HRA*	**(27,706)**	**(46,615)**	**65,168**	**10,593**	**31,102**	**(32,542)**	**0**	
TOTAL Budget Reprofiling	**(123,997)**	**27,101**	**70,043**	**17,593**	**31,102**	**(32,542)**	**10,700**	

HRA covered in separate HRA report

26. IT Investment (£2,610k) – Covers a number of projects (Including Methods and Modes, Build the change-new device rollout and the Asset management project where the budgets are being reprofiled to align with revised delivery timelines.

27. Schools Capital Programme (£3,776k) – Budgets reflect the current 2021/22 and proposed 2022/23 programmes which have been formulated to address the most urgent condition items. Projects have been prioritised for inclusion in the Maintenance Programme based on technical information from condition surveys and feasibility studies and advice from CMFM technical Officers.

28. Meridian Water (£38,602k) – Road and Rail infrastructure works £16,300k funded entirely from HIF grant, £22,302k arising from revised cost estimates for Meridian 1, 2 and 4, assumed contingency not required in the current year, property management & security, and the associated interest cost for these items

29. Town Centre Regeneration (£1,850k) - The budget has been reprofiled to reflect the delay to the start of the Good Growth Fund projects in Angel Edmonton, as well as uncertainty on delivery timescales on a number of Town centre regeneration projects in Palmers Green & Enfield Town

30. Electric Quarter (£1,667k) – Reprofiling reflects the delivery plan for completing the library fit out and the remaining ground floor space in 2022/23

31. Land fund Investment (£1,500k) – Reprofiled as there is uncertainty around the exact timing of the transaction. This will be reviewed as part of the Period 8 Capital monitoring cycle

32. Montagu Industrial Estate (£4,000k) - In the light of the re-appraisal of redevelopment options owing to market conditions, materials and labour

shortages and ongoing key negotiations for relocation of a major estate occupier, it is not now envisaged that there will not be significant spend this financial year against the acquisition budget

33. Energetik**:** (£10,500k)- Funding has been re-profiled to reflect the updated network expansion business case and grant funding agreed, as approved by Council in June 2021 (KD 5304).

34. Housing Gateway Limited (£29,294k) – The reduction in forecast drawdown reflects the decision to reduce the forecast 2021/22 purchases down to 70 from 100. This is necessary due to the fact that in the majority of cases HGL requires vacant possession and the timeframe for achieving vacant possession has been extended significantly due to Covid-19 related backlogs in the court and new processes for eviction

Approved Requested Additions

35. These are programmes within the approved 10 Year Capital Programme budget envelope which are still subject to further approval, prior to spending the allocated budget envelope.

36. Appendix B details the Requested Additions, where the approval to spend has not been received.

37. Table 3 below lists the programmes which have now obtained the required approval and can commence spending.

TABLE 3 - Approved Requested Additions

Capital Programme approved Requested Additions	**2021/22**	**2026/27 - 2029/30**	**Total**	**Approval /Funding Source**
	£000	**£000**	**£000**	
IT Investment	390	0	390	Record of Operational Decision Report/Borrowing
Resources	**390**	**0**	**390**	
Community Safety	150	0	**150**	*Record of Operational Decision Report/Borrowing*
People	**150**	**0**	**150**	
Corporate Condition Programme	2,650	0	2,650	*KD 5371/Borrowing*
Housing Adaptations & Assistance (DFG)	2,001	0	2,001	*KD 5365/Grant*
PLACE	**4,651**	**0**	**4,651**	
Place- HRA	0	117,900	**117,900**	Various Financing-KD5342/KD5212
TOTAL Growth	**5,191**	**5,191**	**123,091**	

38. Table 4 lists additions to the Capital programme since approval in March 2021.

39. The growth on Joyce and Snells reflects the value of the updated programme as approved by Cabinet after removal of the initial indicative budget as detailed below. The Edmonton Cemetery project was originally approved in March 2020, at which point it was to be funded from a revenue earmarked reserve. As part of the review of earmarked reserves at the end of last financial year, when it was unclear the level of support the Council would receive to fund Covid-19 pressures, it was agreed that funding for the project would be switched to capital.

TABLE 4: Capital Programme Growth

Additions to the Approved Capital Programme	2021/22	Future Years	Total Growth	*Funding Sources (Approval Report)*
	£000		£000	
Community Safety-Youth Bus	90	0	**90**	*Delegated Authority Report(borrowing)*
PEOPLE	**90**	**0**	**90**	
Edmonton Cemetery	1,457	0	**1,457**	*Borrowing- KD 5404*
Housing Adaptations & Assistance (DFG)	199	0	**199**	*External Grants - (Better Care Fund: DFG)*
Joyce and Snells	0	52,358	**52,358**	*Borrowing- KD 5343*
Tennis Courts Works at Broomfield Park	222	0	**222**	Grant (Sport England) / S106
Healthy Streets	781	0	**781**	*TFL Grant*
TFL: Traffic & Transportation	345	0	**345**	*TFL Grant*
PLACE	**3,004**	**52,358**	**55,362**	
Housing Gateway Ltd	250	0	**250**	*Borrowing*
COMPANIES	**250**	**0**	**250**	
TOTAL Growth	**3,344**	**52,358**	**55,702**	

Reductions

40. £135,923k has been removed from the overall Capital programme since it was approved in 2nd March 2021 as set out below.

TABLE 5: Capital Programme Reductions

	2021/22 £'000	Future Years £'000	Total Reduction £'000	Comment
Joyce & Snells	1,364	133,694	**135,058**	General Fund indicative budgets removed and replaced with Cabinet approved revised scheme
TFL: Healthy Streets	377	0	**377**	Indicative Budgets included at Budget setting. These have now been updated to reflect actual agreed amounts with TFL
TFL: Traffic & Transportation	488	0	**488**	Indicative Budgets included at Budget setting. These have now been updated to reflect actual agreed amounts with TFL
Place	**2,230**	**133,694**	**135,923**	
Total Reduction	**2,230**	**133,694**	**135,923**	

41. The approved requested addition for Joyce and Snells in the Budget report was £135,058k however Cabinet (KD5343) approved £52,358k, which reflects the approved re-engineered programme

42. The requested addition for the TFL Programmes were based on an estimate of future funding. Now the actual amounts have now been agreed, the estimated budgets are being adjusted

2021/22 Forecast and Expected Outcomes

43. The 2021/22 revised Capital Programme budget (i.e. forecast) is £251,601k, as detailed in Table 1 above. Appendix A provides a breakdown by programme and department. The following paragraphs describe expected outcomes for the significant programmes.

Resources

44. IT Investment (£3,724k): This budget is currently allocated across several projects to be delivered by Transformation and ICT.

45. Key projects to be delivered during 2021/22 include replacement of the customer platform (Phase 1); continuation of the infrastructure programme to include DR/Resilience to our Network and remote working; replacement of the asset management system; implementation of the Civica CX system; and Cyber Security Systems and Training.

People

46. Schools Capital Programme (£11,364k): This programme is continually reviewed on a project-by-project basis. The strategy of expansion of school places for SEND children include the following: ongoing expansion of West Lea Special School, Winchmore 6th Form and Autistic Unit and continuing with the programme to rebuild Fern House.

47. The key maintenance projects involve roofing, heating and domestic hot water systems in various schools including Oakthorpe as well as fire alarm and protection services at various schools. Individual project designs are where possible developed to contribute to the Climate Change Agenda. The forecast spend also includes professional fees and retention amounts.

Place

48. Southgate Cemetery (£368k): The mausoleum build at Southgate Cemetery is due to complete this financial year. Remaining budget is to cover outstanding contractor and project management costs.

49. Flood Alleviation (£2,051k): Flood alleviation schemes being delivered this year include the Albany Park River Restoration project which reduces flood risk to several hundred residential properties, the Salmons Brook Natural Flood Management project which involves the creation of rural wetlands and the creation of 60 hectares of publicly accessible woodland on land that was previously arable farmland (this project is also a key element of the Council's Climate Action Plan), constructed wetlands in Oakwood Park and Durant's Park, over 20 rain gardens (SuDS) on highway and housing land, and London's first beaver reintroduction project. This final project has been developed to showcase and further evaluate natural flood alleviation methods – storing excess water on rural land helps to protect properties further downstream in urban areas. The programme is supported by funding from a number of different external sources, including the Mayor of London, Environment Agency, Forestry Commission, National Lottery and Defra, in addition to Enfield's capital funding.

50. LED Street Lighting (£600k): It forecast that the LED Street Lighting budget will be fully spent in 2021/22 and 2,600 luminaires will be installed. However, there is a slight risk that due to delays in Lamp deliveries from Europe, the project does not fully complete in 2021/22

51. Highways & Street Scene (£8,728k): The 2021/22 Highways and Street scene capital programme will enable over 9km (5.5miles) of roads to be resurfaced, over 6km (4 miles) of pavements to be renewed and an additional 18,000 individual smaller defective areas on the highway network to be repaired as part of Enfield's overall highway maintenance programme. Approximately 630 new street trees will be planted, some of which will replace previously removed dead and decaying trees giving a net gain of over 350 established street trees. The funding also includes several smaller bridge maintenance schemes and the development of the highest priority bridge strengthening schemes. Funding is also allocated to continue the programme of constructing sustainable drainage schemes, including the completion of the Albany Park river restoration project, rain gardens and wetlands.

52. Vehicle Replacement Programme (£2,705k): Fleet Services has an on-going programme for the procurement, management and disposal of all council owned fleet vehicles, plant and equipment. The 2021/22 budget is to procure those vehicles, plant and equipment that are scheduled for replacement and/or new vehicles required by Council services. Current requirements include the provision of new electric vehicles for the Highways; and Housing maintenance,

which was brought back in-house on 1st April 2021 and will be the first Council service to operate with all-electric vehicles.

53. Healthy Streets (£3,938k) The Healthy Streets programme receives external grant funding from a range of sources, with allocations provided at various times throughout the year. Therefore, the overall allocation can vary between quarters. Current projects include continued delivery of a number of Quieter Neighbourhood trials, a series of school street projects and various design work for future projects. At the end of Q2 actual spend is relatively low as significant construction for both the Ponders End High Street and Bull Lane (North Middlesex Hospital) projects is programmed for Q4. However, supply chain issues may result in the reprofiling of some of this funding, subject to further discussion with the specific funders for these projects

54. Traffic and Transportation (£374k) - £110k has been provided by Transport for London(Tfl) to implement a number of bus priority measures and extensions to the operational hours of the bus lanes on both Green Lanes and Fore Street in particular TfL have provided funding for the design of road safety and bus stop accessibility measures, as well as continued air quality monitoring.

55. Meridian Water (£71,137k). Main areas of forecast expenditure are Design and preliminary works for road and rail supported by HIF grant £13,300k, Land acquisition £11,000k, Meridian One payment for affordable homes £13,000k, Interest £10,000k, contingency £5,700k with the balance of £18,137k in respect of development works mainly for Meridian One, Two and Four. These include relocation of utilities, enabling works together with professional fees for future phases.

56. Corporate Condition Programme (£2,311k): In-year expenditure of CCP 2021/22 will be £156k for ancillary works to support and complete the Public Sector Decarbonisation Scheme (PSDS) project at various corporate properties, £470k to complete essential lifecycle works at Civic Centre including water systems and legionella prevention, and £177k to complete external works to the Carnegie Building. There will also be a further £223k expenditure to progress the design and procurement of the remainder of the lifecycle programme that will fall into 2022/23 which includes structural and safety works to farm buildings and allotments.

57. Build the Change (£6,517k): Includes spend relating to

   a. Hub 1- Civic Centre .This is the first phase of works, that includes refurbishment of the ground to second floors of A Block , both floors of D Block in the Civic Centre, optimisation of space usage, construction of public facing meeting rooms on the ground floor and additional office accommodation on the 2nd floor. Work will also be undertaken on other areas including the Civic Centre car park, main reception, toilets, contact centre ,archive reading room works;
   b. Hub 2- Dugdale /Thomas Hardy House . Works are to create a Children & Family hub.
   c. Hub 4- Edmonton Green. Works are to create a Housing Hub. Works have now commenced, due to complete by end of 2021/22.

58. Electric Quarter (£1,857k): Covers the fit out of the library, as well set aside for outstanding CPO claims.

59. Energy Decarbonisation (RE:FIT) (£3,400k): In March 2021 Enfield Council successfully won a bid for money from the Public Sector Decarbonisation Scheme to help deliver heat pumps, solar panels, double glazing, light and heat controls and insulation on council buildings. The project includes the retro fitting of 11 Corporate buildings with Air source Heat pumps, Solar Panels and insulation

60. Genotin Road Metaswitch (£1,611k): The building has been completed and Metaswitch have moved in . Final payments are expected to be made this financial year, subject to resolution of snagging issues

61. Montagu Industrial Estate (£1,117k): As detailed above £4,000k has been reprofiled in recognition of the current status of the project. The remaining budget currently profiled into 2021/22 is set aside should an acquisition become available and also to cover consultancy costs to the year end . The position will be reviewed as part of Period 8 monitoring

62. Town Centre Regeneration (£1,052k): The forecasted spend will seek to deliver the following outcomes:

    a. Angel Edmonton Good Growth Fund project. The Fore Street project is moving into the final stages of design and planning and moving to procurement of works contractors with the expectation that the majority of the capital budget allocated will be spent before the end of March 2022. This will be reviewed in greater detail for Period 8.

    b. Enfield Town - Library Green / Fountain Island Infrastructure- Potential to build-on infrastructure being delivered via Liveable Neighbourhoods programme to support SMEs, culture and events at Library Green and Fountain Island. Further potential to increase budget via developer contributions via S106 / CIL as part of town centre development projects.

    c. Edmonton Green Arches- Potential to work in collaboration with the re-development of Edmonton Green shopping centre to deliver a transformative business and cultural space along the arches at Edmonton Green Station. Potential to increase budget via developer contributions via S106 and CIL from local development.

63. Housing Adaptations & Assistance -Disabled Facilities Grant (£2,811k): 59 cases have been completed to date with a further 39 in the pipeline and 63 cases approved for adaptations

64. Energetik (£14,500k):The company will continue the build of the energy centre and installation of plant (completion December 2022); installing phase 1 network to Meridian Water and within Meridian Water (completion December 2022); Design and planning submission for Oakwood Network extension;

Design and planning submission for Arnos Grove Network extension; and Alma Phases 2A and 4.

65. The funding approved in May (Tranche 3) will fund the purchase, manufacture and storage of network pipes (30km); Design and planning submission for Phase 1 (extension north to Southbury Road); Phases 2, 3 and 4 (remainder of network expansion); Procurement of Phase 1 Contractors; Phase 1 Enabling Works; and Phase 2 Contractors.

66. Housing Gateway Ltd (£19,772k): It is anticipated that HGL will utilise £13.8m of its loan drawdown in 2021/22 and £6m in GLA funding which will deliver 25 standard purchases and 45 purchases under the Rough Sleepers Accommodation Programme (RSAP). HGL expects to identify and have offers accepted on 100 properties which in normal circumstances would have been purchased within the current financial year. However, as a result of the extended time frame required to gain vacant possession following changes to the eviction process and Covid-19 related court backlogs, HGL has revised its expectations for completed purchases from 100 to 70. To date, HGL has purchased 10 standard properties and 25 RSAP properties during 21/22.

Capital Financing

67. Table 6a sets out the current financing position for the 2021/22 to 2030/31 Capital Programme. Future years comprise of approved schemes from the existing ten year programme that have now been reprofiled into the future and outside of the ten year programme delivery horizon.

TABLE 6a: Revised financing of the capital programme

Q2 Revised Forecast- Capital Programme Funding Source £'000	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27-2030/31	Future Years	TOTAL
External Sources- Grants & Contributions*	53,508	185,758	102,212	92,376	90,376	137,346	0	661,575
LBE Resources-Reserves & Capital Receipts	2,540	80	80	80	80	400	0	3,260
Borrowing	107,124	275,868	114,262	73,014	52,470	222,082	29,772	844,819
Total General Fund	**163,172**	**461,705**	**216,554**	**165,470**	**142,925**	**359,828**	**29,772**	**1,509,655**
External Sources- Grants & Contributions	6,700	17,347	9,139	21,140	13,122	110,980	0	178,427
LBE Resources- Reserves & Capital Receipts	47,647	72,663	54,249	74,470	54,104	284,400	0	587,533
Borrowing	34,000	61,200	132,800	0	62,000	96,000	0	386,000
Total HRA	**88,347**	**151,210**	**196,188**	**95,610**	**129,225**	**491,380**	**0**	**1,151,960**
Total Programme	**251,520**	**612,915**	**412,742**	**261,079**	**272,151**	**851,207**	**29,772**	**2,661,615**

*2021/22 General Fund External Sources- Grants & Contributions includes S106 contribution of £165k.

68. Table 6b sets out the movement in financing from the approved 10 year Capital programme, approved by Council in the Budget report (KD5210), adjusted for 2020/21 outturn (KD5324) and the current revised quarter two forecast position for the 2021/22 to 2030/31 Capital Programme.

TABLE 6b: Movement in capital financing

Q2 Revised Forecast- Capital Programme Funding Source: Funding Movements £'000	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27-2030/31**	**Future Years**	**TOTAL**
External Sources- Grants & Contributions	(94,837)	118,770	0	0	0	0	0	**23,933**
LBE Resources-Reserves & Capital Receipts	105	80	80	80	80	400	0	**825**
Borrowing	(204,972)	123,832	3,721	17,651	(2,902)	(81,240)	29,772	**(114,138)**
Total General Fund	**(299,705)**	**242,682**	**3,801**	**17,731**	**(2,822)**	**(80,840)**	**29,772**	**(89,381)**
External Sources- Grants & Contributions	(12,532)	4,864	(6,375)	5,482	(12,329)	72,693	0	51,804
LBE Resources- Reserves & Capital Receipts	(63,351)	29,731	(5,732)	353	(11,969)	(61,988)	0	**(112,957)**
Borrowing	(25,000)	200	73,800	0	55,400	(137,956)	0	**(33,556)**
Total HRA	**(100,883)**	**34,795**	**61,693**	**5,835**	**31,102**	**(127,251)**	**0**	**(94,709)**
Total Programme	**(400,588)**	**277,477**	**65,493**	**23,566**	**28,280**	**(208,091)**	**29,772**	**(184,089)**

69. Appendix D provides a further breakdown of the change in capital financing per department. The majority of movement in financing relates to the reprofiling of capital schemes into future years. Overall, the capital programme has reduced by £184,008k,and the table above analyses the financing reduction. The reduction is mainly as a result of changes made to the Joyce & Snells project (General Fund and HRA). Further details are summarised as follows:

    i) Joyce & Snells (HRA) - £94,709k removed from the programme following the approval of the revised scheme.
    ii) Joyce & Snells (General Fund) – Indicative budgets of £135,058k were removed from the programme following the approval of the revised scheme. The budget for the revised scheme is £52,357k, which is financed by borrowing.
    iii) Edmonton Cemetery- £1,457k has been added to the programme financed by borrowing.
    iv) Community Safety- Youth Bus- £90k has been added to the programme for the purchase of a new bus for Youth Services.
    v) Reardon Court- £27,731k has been removed from the General Fund programme following the appropriation of Reardon Court to the HRA earlier in the financial year. The scheme has been absorbed into the HRA Development Programme for the delivery of social housing.

70. Tables 7a and 7b provide a breakdown of the grants financing the current and future years of the 10-year programme.

TABLE 7a - 2021/22 analysis of Grants and external contributions

Capital Grants 21/22	Total	Funding Sources
	£000	
PEOPLE		
School Expansions	5,089	Education and Skills Funding Agency (ESFA)
Schools Maintenance	5,691	Education and Skills Funding Agency (ESFA)
Schools' Future Programme	582	Education and Skills Funding Agency (ESFA)
Total PEOPLE	**11,363**	
PLACE		
Flood Alleviation	463	Funding from multiple External Agencies
Town Centre Regeneration	822	Good Growth Fund (GLA)
Healthy Streets	2,733	Transport for London
Traffic & Transportation	345	Transport for London
Meridian Water	13,355	Housing Infrastructure Fund
Energy Decarbonisation (RE:FIT)	3,400	SALIX
Housing Adaptations & Assistance (DFG)	2,812	Disabled Facilities Grant (BCF)
Tennis Courts Works at Broomfield Park	51	Sport England
Total PLACE	**23,980**	
Companies		
Energetik	12,000	HNIP
Housing Gateway Ltd	6,000	Rough Sleepers Grant
Total Companies	**18,000**	
Total GENERAL FUND	**53,343**	
Housing Revenue Account:		
Development	4,834	Greater London Authority
Estate Regeneration: Alma Towers	1,520	Greater London Authority
Stock-Condition	346	Greater London Authority
Total HRA	**6,700**	
Total Capital Grants	**60,043**	

Table 7b – 10-year analysis of External grants and contributions

£'000	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27-2030/31**	**Total**	**Funding Sources**
PEOPLE								
Adult Social Care								
Mental Health and Wellbeing Centre	0	2,500	0	0	0	0	2,500	Better Care Fund (BCF)
Total Adult Social	**0**	**2,500**	**0**	**0**	**0**	**0**	**2,500**	

Care								
Education								
School Expansions	5,089	4,100	0	0	0	0	9,189	Education and Skills Funding Agency (ESFA)
Schools Maintenance	5,691	6,776	0	0	0	0	12,467	Education and Skills Funding Agency (ESFA)
Schools' Future Programme	582	11,578	0	0	0	0	12,161	Education and Skills Funding Agency (ESFA)
Total Education	**11,363**	**22,454**	**0**	**0**	**0**	**0**	**33,817**	
Total PEOPLE	**11,363**	**24,954**	**0**	**0**	**0**	**0**	**36,317**	
PLACE								
Property & Economy								
Energy Decarbonisation (RE:FIT)	3,400	419	0	0	0	0	3,819	SALIX
Total Property & Economy	**3,400**	**419**	**0**	**0**	**0**	**0**	**3,819**	
Environment & Operations								
Flood Alleviation	463	0	0	0	0	0	463	Funding from multiple External Agencies
Tennis Courts Works at Broomfield Park	51	0	0	0	0	0	51	Sport England
Town Centre Regeneration	822	0	0	0	0	0	822	Good Growth Fund (GLA)
Healthy Streets	2,733	0	0	0	0	0	2,733	Transport for London
Traffic & Transportation	345	0	0	0	0	0	345	Transport for London
Total Environment & Operations	**4,413**	**0**	**0**	**0**	**0**	**0**	**4,413**	
Meridian Water	13,355	95,850	0	0	0	0	109,205	Housing Infrastructure Fund (GLA) & External Build to Rent and Registered Provider Investor Contributions
Total Meridian Water	**13,355**	**95,850**	**0**	**0**	**0**	**0**	**109,205**	
Housing & Regeneration								
Housing Adaptations & Assistance (DFG)	2,812	0	0	0	0	0	2,812	Disabled Facilities Grant (BCF)
Total Housing & Regeneration	**2,812**	0	**0**	**0**	**0**	**0**	**2,812**	
Total PLACE exc. HRA	**23,980**	**96,269**	**0**	**0**	**0**	**0**	**120,249**	
Companies								

Energetik	12,000	0	0	0	0	0	12,000	HNIP Grant
Housing Gateway Ltd	6,000	0	0	0	0	0	6,000	Rough Sleepers Grant
Total Companies	**18,000**	**0**	**0**	**0**	**0**	**0**	**18,000**	
Total GENERAL FUND	**53,343**	**121,224**	**0**	**0**	**0**	**0**	**174,567**	
HRA	6,700	17,347	9,139	21,140	13,122	110,980	178,427	GLA Grant
Total Capital Grants	**60,043**	**138,571**	**9,139**	**21,140**	**13,122**	**110,980**	**352,994**	

71. Table 8 summaries the current S.106 and Community Infrastructure Levy (CIL) receipts and other external contributions as at quarter two 2021/22.

TABLE 8: Section 106 and CIL income as at 30th September 2021

	S106 Balance as at Q2 (£000)	**CIL Balance as at Q2 (£000)**
Opening Balance 2021/22	**5,800**	**5,961**
In-Year Receipts 2021/22	0	0
Allocated – Revenue	-10	0
Allocated – Capital	0	0
TOTAL s106 Balance	**5,790**	**5,961**

72. Much of the planned S106 spending will be focused on small-scale improvement works to directly mitigate the impact of development. This includes:

- supporting supply chains, apprenticeships and local employment opportunities (through the Build Enfield programme)
- improvements to cycle lanes and routes
- highway and streetscape improvement schemes as part of the healthy streets' agenda
- school expansion schemes that will serve borough-wide needs including the specialist provision.

73. CIL spending is decided on an annual basis. Spending is allocated to support infrastructure projects that are in line with the priorities set out the capital programme.

Other Considerations to Note

Public Health Implications

74. Through investment in capital building and maintenance; the Council influences the built environment within Enfield significantly. The built environment in turn influences how residents interact with their environment; for example, during active travel or accessing facilities. Ensuring that our capital buildings are maintained, fit for purpose, and wellbeing considerations are taken in terms of their use, how they promote residents' wellbeing is key to contributing positively towards the public's health. Additionally, ensuring that all buildings have

minimal environmental impact also contributes towards enhancing resident's wellbeing.

Environmental and Climate Change Considerations

75. Environmental and climate changes implications are referenced as relevant in the body of the report.

Financial Implications

76. Financial implications are implicit in the report.

Legal Implications

77. 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.

Property Implications

78. Property implications are implicit in the report.

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Date of report: 3rd November 2021

Appendices :
Appendix A - 10-yr Capital programme (projects with approval to spend).
Appendix B – Requested additions (subject to individual approvals)
Appendix C – Total 10 yr. Capital programme
Appendix D - Financing Movement

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

Capital Strategy & 10 year Capital programme 2021/22 to 2030/31 (KD5210), report to Council 2nd March 2021

APPENDIX A – 10-YEAR CAPITAL PROGAMME (projects with approval to spend).

Approved Capital Programme	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27 -2030/31	Future Years	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
RESOURCES								
Digital Data & Technology								
IT Investment	3,724	2,878	0	0	0	0	0	**6,602**
Total Digital Data & Technology	**3,724**	**2,878**	**0**	**0**	**0**	**0**	**0**	**6,602**
Customer Experience & Change								
Libraries	81	0	0	0	0	0	0	**81**
Community Hubs	400	0	0	0	0	0	0	**400**
Total Customer Experience & Change	**481**	**0**	**0**	**0**	**0**	**0**	**0**	**481**
Total RESOURCES	**4,205**	**2,878**	**0**	**0**	**0**	**0**	**0**	**7,084**
PEOPLE								
Adult Social Care								
Mental Health and Wellbeing Centre	0	2,500	0	0	0	0	0	**2,500**
Total Adult Social Care	**0**	**2,500**	**0**	**0**	**0**	**0**	**0**	**2,500**
Children & Family Services								
Contribution to Property (Vulnerable Family)	150	0	0	0	0	0	0	**150**
Total Children & Family Services	**150**	**0**	**0**	**0**	**0**	**0**	**0**	**150**
Education								
School Expansions	5,089	4,100	0	0	0	0	0	**9,189**
Schools Maintenance	5,692	6,776	0	0	0	0	0	**12,468**
Schools' Future Programme	582	11,578	0	0	0	0	0	**12,161**
Total Education	**11,364**	**22,454**	**0**	**0**	**0**	**0**	**0**	**33,818**
Strategic Commissioning								
Community Safety	567	0	0	0	0	0	0	**567**
Total Strategic Commissioning	**567**	**0**	**0**	**0**	**0**	**0**	**0**	**567**
Total PEOPLE	**12,081**	**24,954**	**0**	**0**	**0**	**0**	**0**	**37,036**
PLACE								
Environment & Operations								
Alley Gating	106	0	0	0	0	0	0	**106**
Edmonton Cemetery	894	800	0	0	0	0	0	**1,694**
Southgate Cemetery	368	0	0	0	0	0	0	**368**
Highways:								
Flood Alleviation	2,051	0	0	0	0	0	0	**2,051**
LED Street Lighting	600	0	0	0	0	0	0	**600**
Highways & Street Scene	8,728	0	0	0	0	0	0	**8,728**
Public Realm Services:								
Changes to Waste & Recycling Collections	234	0	0	0	0	0	0	**234**
Tennis Courts Works at Broomfield Park	273	0	0	0	0	0	0	**273**
Vehicle Replacement Programme	2,705	0	0	0	0	0	0	**2,705**

Traffic & Transportation:								
TFL: Healthy Streets	3,938	2,000	0	0	0	0	0	**5,938**
TFL: Traffic & Transportation	374	0	0	0	0	0	0	**374**
Total Environment & Operations	**20,271**	**2,800**	**0**	**0**	**0**	**0**	**0**	**23,071**
Meridian Water								
Meridian Water	50,059	119,735	0	0	0	0	10,700	**180,493**
Meridian One	15,555	37,787	0	0	0	0	0	**53,342**
Meridian Two	2,060	1,728	0	0	0	0	0	**3,788**
Meridian Three	324	0	0	0	0	0	0	**324**
Meridian Three and Meridian Four (50/50)	145	0	0	0	0	0	0	**145**
Meridian Four	2,995	3,082	0	0	0	0	0	**6,077**
Total Meridian Water	**71,137**	**162,332**	**0**	**0**	**0**	**0**	**10,700**	**244,169**
Property & Economy								
Corporate Condition Programme	2,311	1,624	0	0	0	0	0	**3,935**
Corporate Property Investment Programme	392	3,554	0	0	0	0	0	**3,946**
Build the Change	6,517	4,821	0	0	0	0	0	**11,338**
Electric Quarter	1,857	4,804	0	0	0	0	0	**6,662**
Energy Decarbonisation (RE:FIT)	3,400	419	0	0	0	0	0	**3,819**
Forty Hall	17	0	0	0	0	0	0	**17**
Genotin Road (Metaswitch)	1,611	0	0	0	0	0	0	**1,611**
Land Investment	0	1,500	0	0	0	0	0	**1,500**
Montagu Industrial Estate	1,117	35,291	7,427	180	0	0	0	**44,015**
Town Centre Regeneration	1,052	2,757	1,025	625	125	125	0	**5,709**
Total Property & Economy	**18,275**	**54,771**	**8,452**	**805**	**125**	**125**	**0**	**82,553**
Housing & Regeneration								
Housing Adaptations & Assistance (DFG)	2,811	0	0	0	0	0	0	**2,811**
Joyce and Snells	0	0	0	0	0	33,285	19,072	**52,358**
Vacant Property Review	200	0	0	0	0	0	0	**200**
Total Housing & Regeneration	**3,011**	**0**	**0**	**0**	**0**	**33,285**	**19,072**	**55,368**
Total PLACE exc. HRA	**112,695**	**219,903**	**8,452**	**805**	**125**	**33,410**	**29,772**	**405,162**
Chief Executive (CEX)								
Companies:								
Energetik	14,500	26,000	20,341	19,480	0	0	0	**80,321**
Housing Gateway Ltd	19,772	25,919	3,375	0	0	0	0	**49,066**
Total COMPANIES	**34,272**	**51,919**	**23,716**	**19,480**	**0**	**0**	**0**	**129,387**
Total Chief Executive (CEX)	**34,272**	**51,919**	**23,716**	**19,480**	**0**	**0**	**0**	**129,387**
Total GENERAL FUND inc. COMPANIES	**163,253**	**299,655**	**32,167**	**20,285**	**125**	**33,410**	**29,772**	**578,669**
Housing Revenue Account:								
Asset-Led Works	8,114	8,474	0	0	0	0	0	**16,588**
Demand-Led Works	1,532	2,150	2,350	0	0	0	0	**6,032**
Development Programme	29,218	72,145	158,518	79,694	113,948	421,059	0	**874,582**
Estate Regeneration	11,235	5,285	1,051	982	738	626	0	**19,917**
Fire-Led Projects	8,434	37,458	7,476	0	0	0	0	**53,368**
Stock-Condition-Led Works	29,815	25,698	26,793	14,933	14,539	69,695	0	**181,473**
Total HRA	**88,347**	**151,210**	**196,188**	**95,610**	**129,225**	**491,380**	**0**	**1,151,960**
Total PLACE inc. HRA	**201,042**	**371,114**	**204,639**	**96,415**	**129,350**	**524,790**	**29,772**	**1,557,122**
APPROVED CAPITAL PROGRAMME	**251,601**	**450,866**	**228,355**	**115,895**	**129,350**	**524,790**	**29,772**	**1,730,629**

APPENDIX B – REQUESTED ADDITIONS (subject to individual approvals).

Requested Additions in 10Years Capital Programme (Strategy Report) all in £'000	2022/23	2023/24	2024/25	2025/26	2026/27 - 2030/31	Future Years	TOTAL
RESOURCES							
Digital Data & Technology							
IT Investment	12,755	2,504	2,414	794	1,088	**0**	**19,555**
Total Digital Data & Technology	**12,755**	**2,504**	**2,414**	**794**	**1,088**	**0**	**19,555**
Total RESOURCES	**12,755**	**2,504**	**2,414**	**794**	**1,088**	**0**	**19,555**
PEOPLE							
Children & Family Services							
Extensions to Foster Carers' Homes	380	310	210	210	630	**0**	**1,740**
Total Children & Family Serv	**380**	**310**	**210**	**210**	**630**	**0**	**1,740**
Education							
School Expansions	0	3,000	3,000	3,000	12,000	**0**	**21,000**
Schools Maintenance	0	5,000	5,000	5,000	20,000	**0**	**35,000**
Total Education	**0**	**8,000**	**8,000**	**8,000**	**32,000**	**0**	**56,000**
Strategic Commissioning							
Community Safety	150	150	150	150	750	**0**	**1,350**
Total Strategic Commissioning	**150**	**150**	**150**	**150**	**750**	**0**	**1,500**
Total PEOPLE	**530**	**8,460**	**8,360**	**8,360**	**33,380**	**0**	**59,090**
PLACE							
Environment & Operations							
Alley Gating	80	80	80	80	400	**0**	**720**
Crematorium (New Development)	2,300	2,600	2,600	2,600	0	**0**	**10,100**
Highways:							
Flood Alleviation	250	250	250	250	1,250	**0**	**2,250**
Highways & Street Scene	7,311	7,667	9,040	8,432	39,049	**0**	**71,499**
Public Realm Services:							
Workshops for External Commercialisation	250	250	0	0	0	**0**	**500**
Growth of Trade Waste Service	500	250	250	0	0	**0**	**1,000**
Vehicle Replacement Programme	4,595	1,913	1,862	7,746	8,216	**0**	**24,332**
Traffic & Transportation:							
TFL: Healthy Streets	5,750	5,750	6,250	4,250	11,000	**0**	**33,000**
TFL: Traffic & Transportation	2,275	2,275	2,275	2,275	11,375	**0**	**20,475**
Total Environment & Operations	**23,311**	**21,035**	**22,607**	**25,633**	**71,290**	**0**	**163,875**
Meridian Water							
Meridian Water	63,534	26,672	25,826	28,942	127,024	**0**	**271,998**
Meridian Water Four	16,210	83,011	73,725	73,725	72,341	**0**	**319,011**
Total Meridian Water	**79,744**	**109,683**	**99,551**	**102,667**	**199,365**	**0**	**591,010**
Property & Economy							
Corporate Condition Programme	2,809	2,978	3,156	3,346	11,290	**0**	**23,578**
Build The Change	14,461	6,724	6,895	0	0	**0**	**28,079**
Vacant Property Review	300	300	200	0	0	**0**	**800**
Total Property & Economy	**17,570**	**10,001**	**10,251**	**3,346**	**11,290**	**0**	**52,458**
Assessment Services							
Joyce and Snells – Indicative	0	0	0	0	(0)	**0**	**(0)**
Housing Adaptations & Assistance (DFG)	2,001	2,001	2,001	2,001	10,005	**0**	**18,009**
Total Assessment Services	**2,001**	**2,001**	**2,001**	**2,001**	**10,005**	**0**	**18,009**
Total PLACE	**122,625**	**142,720**	**134,410**	**133,647**	**291,950**	**0**	**825,352**
Companies							
Energetik	0	0	0	0	0	**0**	**0**
Housing Gateway Ltd	26,140	30,703	0	0	0	**0**	**56,843**
Total COMPANIES	**26,140**	**30,703**	**0**	**0**	**0**	**0**	**56,843**
Total (GF) REQUESTED ADDITIONS	**162,050**	**184,387**	**145,185**	**142,800**	**326,417**	**0**	**960,839**
Requested Addition CAPITAL PROGRAMME	**162,050**	**184,387**	**145,185**	**142,800**	**326,417**	**0**	**960,839**

APPENDIX C – TOTAL 10-YEAR CAPITAL PROGRAMME BUDGET

10-Year Capital Programme	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27 -2030/31	Future Years	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
RESOURCES								
Digital Data & Technology								
IT Investment	3,724	15,633	2,504	2,414	794	1,088	0	**26,157**
Total Digital Data & Technology	**3,724**	**15,633**	**2,504**	**2,414**	**794**	**1,088**	**0**	**26,157**
Customer Experience & Change								
Libraries	81	0	0	0	0	0	0	**81**
Community Hubs	400	0	0	0	0	0	0	**400**
Total Customer Experience & Change	**481**	**0**	**0**	**0**	**0**	**0**	**0**	**481**
Total RESOURCES	**4,205**	**15,633**	**2,504**	**2,414**	**794**	**1,088**	**0**	**26,639**
PEOPLE								
Adult Social Care								
Mental Health and Wellbeing Centre	0	2,500	0	0	0	0	0	**2,500**
Total Adult Social Care	**0**	**2,500**	**0**	**0**	**0**	**0**	**0**	**2,500**
Children & Family Services								
Contribution to Property (Vulnerable Family)	150	0	0	0	0	0	0	**150**
Extensions to Foster Carers' Homes	0	380	310	210	210	630	0	**1,740**
Total Children & Family Services	**150**	**380**	**310**	**210**	**210**	**630**	**0**	**1,890**
Education								
School Expansions	5,089	4,100	3,000	3,000	3,000	12,000	0	**30,189**
Schools Maintenance	5,692	6,776	5,000	5,000	5,000	20,000	0	**47,468**
Schools' Future Programme	582	11,578	0	0	0	0	0	**12,161**
Total Education	**11,364**	**22,454**	**8,000**	**8,000**	**8,000**	**32,000**	**0**	**89,818**
Strategic Commissioning								
Community Safety	567	300	150	150	150	750	0	**1,917**
Total Strategic Commissioning	**567**	**300**	**150**	**150**	**150**	**750**	**0**	**1,917**
Total PEOPLE	**12,081**	**25,484**	**8,460**	**8,360**	**8,360**	**33,380**	**0**	**96,126**
PLACE								
Environment & Operations								
Alley Gating	106	80	80	80	80	400	0	**826**
Edmonton Cemetery	894	800	0	0	0	0	0	**1,694**
Southgate Cemetery	368	0	0	0	0	0	0	**368**
Crematorium (New Development)	0	2,300	2,600	2,600	2,600	0	0	**10,100**
Highways:						0		
Flood Alleviation	2,051	250	250	250	250	1,250	0	**4,301**
LED Street Lighting	600	0	0	0	0	0	0	**600**
Highways & Street Scene	8,728	7,311	7,667	9,040	8,432	39,049	0	**80,227**
Public Realm Services:						0		
Changes to Waste & Recycling Collections	234	0	0	0	0	0	0	**234**
Workshops for External Commercialisation	0	250	250	0	0	0	0	**500**
Growth of Trade Waste Service	0	500	250	250	0	0	0	**1,000**
Tennis Courts Works at Broomfield Park	273	0	0	0	0	0	0	**273**
Vehicle Replacement Programme	2,705	4,595	1,913	1,862	7,746	8,216	0	**27,037**
Traffic & Transportation:						0		
TFL: Healthy Streets	3,938	7,750	5,750	6,250	4,250	11,000	0	**38,938**
TFL: Traffic & Transportation	374	2,275	2,275	2,275	2,275	11,375	0	**20,849**
Total Environment &	**20,271**	**26,111**	**21,035**	**22,607**	**25,633**	**71,290**	**0**	**186,947**

Operations								
Meridian Water								
Meridian Water	50,059	183,269	26,672	25,826	28,942	127,024	10,700	**452,491**
Meridian One	15,555	37,787	0	0	0	0		**53,342**
Meridian Two	2,060	1,728	0	0	0	0		**3,788**
Meridian Three	324	0	0	0	0	0		**324**
Meridian Three and Meridian Four (50/50)	145	0	0	0	0	0		**145**
Meridian Four	2,995	19,292	83,011	73,725	73,725	72,341		**325,088**
Total Meridian Water	**71,137**	**242,076**	**109,683**	**99,551**	**102,667**	**199,365**	**10,700**	**835,179**
Property & Economy								
Corporate Condition Programme	2,311	4,433	2,978	3,156	3,346	11,290	0	**27,513**
Corporate Property Investment Programme	392	3,554	0	0	0	0	0	**3,946**
Build the Change	6,517	19,282	6,724	6,895	0	0	0	**39,418**
Electric Quarter	1,857	4,804	0	0	0	0	0	**6,662**
Energy Decarbonisation (RE:FIT)	3,400	419	0	0	0	0	0	**3,819**
Forty Hall	17	0	0	0	0	0	0	**17**
Genotin Road (Metaswitch)	1,611	0	0	0	0	0	0	**1,611**
Land Investment	0	1,500	0	0	0	0	0	**1,500**
Montagu Industrial Estate	1,117	35,291	7,427	180	0	0	0	**44,015**
Town Centre Regeneration	1,052	2,757	1,025	625	125	125	0	**5,709**
Vacant Property Review	200	300	300	200	0	0	0	**1,000**
Total Property & Economy	**18,475**	**72,341**	**18,453**	**11,056**	**3,471**	**11,415**	**0**	**135,211**
Housing & Regeneration								
Assessment Services:								
Joyce and Snells	0	0	0	0	0	33,285	19,072	**52,358**
Housing Adaptations & Assistance (DFG)	2,811	2,001	2,001	2,001	2,001	10,005	0	**20,820**
Total Assessment Services	**2,811**	**2,001**	**2,001**	**2,001**	**2,001**	**43,290**	**19,072**	**73,177**
Total PLACE exc. HRA	**112,695**	**342,529**	**151,172**	**135,215**	**133,772**	**325,360**	**29,772**	**1,230,514**
Total GENERAL FUND exc. COMPANIES	**128,981**	**383,646**	**162,136**	**145,990**	**142,925**	**359,828**	**29,772**	**1,353,278**
Companies:								
Energetik	14,500	26,000	20,341	19,480	0	0	0	**80,321**
Housing Gateway Ltd	19,772	52,059	34,077	0	0	0	0	**105,909**
Total COMPANIES	**34,272**	**78,059**	**54,418**	**19,480**	**0**	**0**	**0**	**186,230**
Total Chief Executive (CEX)	**34,272**	**78,059**	**54,418**	**19,480**	**0**	**0**	**0**	**186,230**
Total GENERAL FUND inc. COMPANIES	**163,253**	**461,705**	**216,554**	**165,470**	**142,925**	**359,828**	**29,772**	**1,539,508**
Housing Revenue Account:								
Total HRA	**88,347**	**151,210**	**196,188**	**95,610**	**129,225**	**491,380**	**0**	**1,151,960**
Total PLACE inc. HRA	**201,042**	**493,739**	**347,360**	**230,825**	**262,997**	**816,740**	**29,772**	**2,382,474**
TOTAL CAPITAL PROGRAMME BUDGET	**251,601**	**612,915**	**412,742**	**261,079**	**272,151**	**851,208**	**29,772**	**2,691,468**

APPENDIX D – Financing Movement

The financing movements in the table below represent the change in financing in the full ten year programme at quarter two compared to the financing of the capital programme at the start of the financial year.

Appendix D: Q1 Funding Movements £'000	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27-2030/31	Future Years	TOTAL
Resources:								
External Sources- Grants & Contributions	0	0	0	0	0	0	0	**0**
LBE Resources-Reserves & Capital Receipts	0	0	0	0	0	0	0	**0**
Borrowing	(12,580)	10,445	2,204	0	0	0	0	**69**
Total Resources	**(12,580)**	**10,445**	**2,204**	**0**	**0**	**0**	**0**	**69**
People:								
External Sources- Grants & Contributions	(22,377)	22,377	0	0	0	0	0	**0**
LBE Resources-Reserves & Capital Receipts	0	0	0	0	0	0	0	**0**
Borrowing	(29)	20	100	0	0	0	0	**91**
Total People	**(22,406)**	**22,397**	**100**	**0**	**0**	**0**	**0**	**91**
Place:								
External Sources- Grants & Contributions	(1,448)	544	0	0	0	0	0	**(904)**
LBE Resources-Reserves & Capital Receipts	105	80	80	80	80	400	0	**825**
Borrowing	(57,812)	22,830	(4,827)	(1,829)	(2,902)	(81,240)	19,072	**(106,708)**
Total Place	**(59,155)**	**23,454**	**(4,747)**	**(1,749)**	**(2,822)**	**(80,840)**	**19,072**	**(106,787)**
Place - Meridian Water:								
External Sources- Grants & Contributions	(82,212)	95,850	0	0	0	0	0	**13,638**
LBE Resources-Reserves & Capital Receipts	0	0	0	0	0	0	0	**0**
Borrowing	(90,820)	66,483	0	0	0	0	10,700	**(13,638)**
Total Place - Meridian Water	**(173,032)**	**162,333**	**0**	**0**	**0**	**0**	**10,700**	**0**
Chief Executive:								
External Sources- Grants & Contributions	0	0	0	0	0	0	0	**0**
LBE Resources-Reserves & Capital Receipts	0	0	0	0	0	0	0	**0**
Borrowing	(4)	0	0	0	0	0	0	**(4)**
Total Place - Chief Executive	**(4)**	**0**	**0**	**0**	**0**	**0**	**0**	**(4)**
General Fund (excl companies)	**(267,177)**	**218,629**	**(2,443)**	**(1,749)**	**(2,822)**	**(80,840)**	**29,772**	**(106,631)**
Companies:								
External Sources- Grants & Contributions	11,200	0	0	0	0	0	0	**11,200**
LBE Resources-Reserves & Capital Receipts	0	0	0	0	0	0	0	**0**
Borrowing	(43,729)	24,055	6,244	19,480	0	0	0	**6,050**
Total Place - Companies	**(32,529)**	**24,055**	**6,244**	**19,480**	**0**	**0**	**0**	**17,250**
General Fund (incl companies)	**(299,706)**	**242,684**	**3,801**	**17,731**	**(2,822)**	**(80,840)**	**29,772**	**(89,381)**
Place - HRA:								
External Sources- Grants & Contributions	(12,532)	4,864	(6,375)	5,482	(12,329)	72,693	0	**51,803**
LBE Resources-Reserves & Capital Receipts	(63,351)	29,731	(5,732)	353	(11,969)	(61,988)	0	**(112,956)**

Borrowing	(25,000)	200	73,800	0	55,400	(137,956)	0	**(33,556)**
Total Place - HRA	**(100,883)**	**34,795**	**61,693**	**5,835**	**31,102**	**(127,251)**	**0**	**(94,709)**
Total Capital Programme	**(400,589)**	**277,478**	**65,494**	**23,566**	**28,280**	**(208,090)**	**29,772**	**(184,090)**

Summary of Financing £000	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27-2030/31**	**Future Years**	**TOTAL**
External Sources- Grants & Contributions	(94,837)	118,771	0	0	0	0	0	23,934
LBE Resources-Reserves & Capital Receipts	105	80	80	80	80	400	0	825
Borrowing	(204,974)	123,833	3,721	17,651	(2,902)	(81,240)	29,772	(114,140)
Total General Fund Financing	**(299,706)**	**242,684**	**3,801**	**17,731**	**(2,822)**	**(80,840)**	**29,772**	**(89,381)**
External Sources- Grants & Contributions	(12,532)	4,864	(6,375)	5,482	(12,329)	72,693	0	51,803
LBE Resources-Reserves & Capital Receipts	(63,351)	29,731	(5,732)	353	(11,969)	(61,988)	0	(112,956)
Borrowing	(25,000)	200	73,800	0	55,400	(137,956)	0	(33,556)
Total HRA Financing	**(100,883)**	**34,795**	**61,693**	**5,835**	**31,102**	**(127,251)**	**0**	**(94,709)**
Total Capital Programme	**(400,589)**	**277,479**	**65,494**	**23,566**	**28,280**	**(208,090)**	**29,772**	**(184,089)**

London Borough of Enfield

Meeting Date: Cabinet 8th December 2021

Subject: **HRA Revenue and Capital Programme Monitor Quarter 2**

Cabinet Member: **Councillor Maguire and Councillor Needs**

Key Decision: **KD5341**

Purpose of Report

1. To inform Cabinet of the current forecast outturn position of the Housing Revenue Account (HRA), covering both revenue and capital expenditure associated with delivering the Council's Housing service.

2. The overall forecast monitoring position is based on information known as at the end of September 2021. There are several factors which mean the forecasts are likely to change in the future including the impact of building cost inflation and the outcome of the current work on the Housing development and Investment programmes. The year-end forecasts are reviewed and updated through the financial year, with the final quarterly update to Cabinet on 9th February 2022 before final accounts are produced.

3. The confluence of Brexit, the Covid-19 pandemic and supply chain constraints have resulted in unprecedented material and labour shortages which have increased prices and reduced supplies. Whilst the HRA Business Plan update, appearing elsewhere on the agenda, has been modified to reflect these challenges, the position will be kept under and review and reported appropriately. Market intelligence reviews are included later in the report.

Revenue Budget

4. This report sets out the Council's forecast 2021/22 revenue budget monitoring position based on information to the end of September 2021. The report sets out the position with, and without, the impact of Covid-19.

5. The HRA is forecasting a £0.035m pressure (Qtr 1 £0.032m saving) against the approved revenue budget but is subject to revision following the review over the next period and considering in year pressures identified.

6. The report provides an update on the forecast position for the level of HRA reserves as at the end of financial year 2021/22.

Capital Programme

7. The report also informs Cabinet on the current position (as at the end of September 2021) of the HRA's 10 Year Capital Programme 2021/22 to 2030/31, considering the latest information available for all capital schemes including the funding arrangements.

8. The report shows the 2021/22 forecast expenditure for the approved programme is projected to be £88.35m (Qtr 1 £116.05m) of which some £32m has already been spent which includes:

   - Health & Safety works which will ensure compliance with legislation and make residents safer in their homes
   - Improvement works to bring stock closer decent homes standards
   - Acquisition of Beck House for redevelopment as part of Upton and Raynham scheme
   - Completion of 75 homes at London Affordable Rent at Electric Quarter together with preparation of planning applications for 258 more homes.
   - Construction contract awarded for demolition and redevelopment of Bullsmoor Lane for 31 homes built using Modern Methods of construction.
   - Completion of Youth Centre for Alma Estate together with planning secured to increase number of affordable homes providing more family sized accommodation which better meets housing needs.

9. Expenditure on certain schemes, which is relatively low for some schemes, is expected to reach that forecast for the financial year for the following reasons:

   - Negotiations directed at minimising costs of materials and labour are expected to conclude which will enable expenditure to proceed in line with estimates.
   - Works and land assembly for Development and Regeneration schemes, including Alma Estate and Newstead & Maldon, are on site with expenditure expected to reach that estimated by the end of the financial year

10. The report sets out the estimated capital spending plans for 2021/22 to 2030/31 including the proposed arrangements for funding.

11. Council approved the 2021/22 HRA Capital Budget and noted the 2021/22 to 2030/31 10-Year Programme (2nd March 2021, KD5212). This included approval for the HRA 10-year Capital Programme of £1,226.07m.

Proposals

12. To note the Quarter 2 HRA forecast outturn position for 2021/22 for both revenue and capital.

13. To note the revenue Covid-19 impact of £0.315m.

14. To note the reduction in the 10-year HRA capital programme of £94.8m made relating to reconfiguration of Joyce & Snells scheme approved by Cabinet 15th September 2021 (KD5343)

Relevance to the Council's Corporate Plan

15. The overarching aim of the Capital Programme is to provide a framework within which the Council's investment plans can be delivered.

16. The strategy for Council Housing is set out in the Housing and Good Growth Strategy which supports the Corporate Plan 2018-2022. The objectives are to:

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

17. The Corporate plan also identifies 3 guiding principles, which underpin these objectives and govern how the Council communicates with residents, works with residents and works as efficiently as possible, including increasing resident access to digital services and transactions.

Background

18. The Council's Capital Programme is regularly reviewed, and monitoring reports are submitted to Cabinet on a quarterly basis. The Council continually strives to maximise external grants and contributions and attract new income streams to fund projects wherever possible and minimise the need to borrow.

Main Considerations for the Council

19. This period has seen a range of issues that have had, and will continue to have, an impact on the strategy, priorities and outcomes for the service. This report is therefore proposing in-year measures as well as flagging up issues which are included in the HRA Business Plan appearing elsewhere on the agenda.

20. Following Cabinet approval to the consultation on enhanced arrangements for Resident Engagement it is anticipated that additional investment will be required in this area to support the active participation and involvement of residents in the service. This activity can also help to build the confidence of residents and enhance skills for those who wish to get into the jobs market or to increase their opportunities for progression. These costs have been included in the HRA Business Plan update and will be proposed in the 2022/23 budget.

21. Investment in technology, including to provide data assurance is required. Whist Civica is programmed for go live this financial year, investment is required in the asset management systems and data storage systems for building safety information and the costs for this are included in the business plan review.

22. In the light of the changing living patterns of residents which has seen an increase in rubbish and fly tipping and reflecting the priority to improve the look and feel of estates a revised service programme which includes window cleaning, increased frequency of grass cutting and bulky waste

collection on estates, collection of fly tipping and enforcement action. Although contained within budget this and future financial years the additional costs for this enhanced service will be incorporated into a review of service charges depending on resident feedback and this has been reflected in the HRA Business Plan update appearing elsewhere on the agenda.

Revenue Forecast Outturn

23. The HRA 2021/22 year end forecast at Quarter 2 is a £0.035m pressure against the approved budget. This is a movement of £0.067m from the quarter 1 reported position of £0.032m underspend. This quarter has seen a reduction in the projected Covid-19 costs and income losses, changing from £0.408m in quarter 1 to £0.315m in quarter 2. The movements are explained below and shown in detail in Appendix A.

24. Supervision & Management (£0.065m pressure)

    The Communal Services team continues to be impacted by Covid-19 this year. This front-line service has incurred additional costs for agency staff to cover caretakers in isolation and has been providing equipment and additional PPE to staff working in this area, its anticipated that these costs will be £0.065m this year. This is a reduction in the previously reported pressure last month of £0.128m, this is due to the changes in Government guidance and easing of restrictions.

25. Community Halls (£0.250m income shortfall)

    Several community halls have re-opened following the easing of Government restrictions and are being used as nurseries and leased to the regeneration team. The demand for halls has been low and the service estimates a shortfall in income of £0.250m against budget of £0.393m.

26. Garage rents (£0.160m income shortfall)

    There has been a reduction in the expected rental income from garages this year due to a reduction in the number of garages lets.

27. Bad debt provision (£0.440m underspend)

    A 10% provision was allocated for the potential increase in arrears due to the impact of Covid-19 however arrears have not yet shown a significant increase. Based on current arrears a reduction in the provision of £0.440m is considered reasonable although the position will be kept under review.

28. The last 18 months has seen an insignificant impact on arrears levels, particularly in the current climate. This is due to the improvements made by the income collection team, including the introduction of ‘RentSense’ which has assisted in more targeted intervention work.

29. The table below shows Council tenant arrears for current and former tenants:

Council Housing Tenants Arrears (£m)	**Apr-21**	**May-21**	**Jun-21**	**Jul-21**	**Aug-21**	**Sep-21**
Current Tenants: Total Arrears	1.78	1.77	1.73	1.80	1.80	1.76

Former Tenant: Total Arrears	1.64	1.66	1.69	1.69	1.71	1.75
Total Arrears	**3.42**	**3.44**	**3.43**	**3.49**	**3.51**	**3.51**

30. On average the collection of tenant's arrears is 101.6%, compared to 102.1% last year. The indicator exceeds 100% as it reflects the collection of arrears from prior years.

31. Repairs Service

The current trend in repairs is seeing an increase in cost for materials of around 7-15%. We are working closely with our merchants to mitigate this impact on the overall budget and will continue to monitor closely.

32. Improved External Services

33. Additional contribution towards improved external standards across the Borough have been agreed this year. The improvements include:

- Enhanced grounds maintenance service
- Additional waste removal, fly tipping and bin collections
- Window cleaning and deep cleaning projects

34. These works are estimated to cost an additional £1m per annum with part year impact on the budget this year. These costs will be contained within the existing revenue budget.

35. Sheltered Housing Service

The Council has delayed the re-designation of the sheltered Housing service whilst we explore how best to provide housing for older residents in the future. This service is rechargeable to tenants and may impact rental income assumptions for 2022-23, this is currently under review.

36. Efficiency savings

The HRA Business Plan has an efficiency target of £1m to be achieved this financial year. The table below shows how these savings are expected to be achieved after considering known pressures:

Savings	**£000's**
Interest rate on borrowing reduction	(2,000)
Rent on office space - reduction in charge	tbc
Housing Operations restructure – final tbc	(300)
Total Savings	**(2,300)**
Pressures	
Redundancy costs – final costs tbc	435
Additional environmental services	550
Total	**985**
Net Savings	**(1,315)**

37. Further work is in progress to quantify savings and to ensure these are achieved.

Capital Programme Outturn

38. Appendix B sets out the approved ten-year capital programme inclusive of carry-forwards from 2020/21, Qtr 1 approved adjustments and those proposed for Qtr 2 and are included in the HRA Business Plan update appearing elsewhere on the agenda.

39. The HRA capital budget for the current financial year is summarised in the table below. It provides the latest forecast position reflecting updated expenditure profiles as advised by programme managers.

Table 1

Current Year Approved Capital Programme £'000	2021/22 Budget (Q1)	Reprofiling	Virements	2021/22 Forecast (Q2)	Actuals	Spend %
Asset-Led Works	**2,965**	(1,482)	0	**1,483**	96	6%
Asset-Led Works: Cambridge Road West	**2,447**	(950)	0	**1,497**	4	0%
Asset-Led Works: Upper Edmonton	**5,634**	(500)	0	**5,134**	1,726	34%
Demand-Led Works	**520**	(325)	0	**195**	29	15%
Demand-Led Works: Aids & Adaptations	**1,337**	0	0	**1,337**	478	36%
Fire-Led Works	**18,370**	(9,966)	0	**8,404**	1,556	19%
Stock-Condition-Led Works	**31,053**	(1,358)	0	**29,695**	9,546	32%
Stock-Condition-Led Works: Boroughwide	**150**	0	0	**150**	(0)	0%
Investment in Stock Total	**62,476**	**(14,581)**	**0**	**47,895**	**13,436**	**28%**
Development Programme	**9,250**	(6,925)	(190)	**2,135**	725	34%
Dev Prog :Gatward/Newstead & Maldon	**4,891**	0	110	**5,001**	3,152	63%
Dev Prog :Upton & Raynham	**2,985**	(128)	0	**2,857**	197	7%
Dev Prog: Reardon Court	**3,154**	(1,354)	0	**1,800**	121	7%
Dev Prog: Bury Street	**13,391**	(3,865)	0	**9,526**	3,411	36%
Dev Prog: Electric Quarter	**7,191**	(1,341)	0	**5,851**	5,814	99%
Dev Prog - Joyce & Snells	**2,049**	0	0	**2,049**	790	39%
Development Prog Total	**42,911**	**(13,613)**	**(80)**	**29,218**	**14,211**	**49%**
Estate Regen: Small Sites	**0**	0	80	**80**	50	62%
Estate Regen: Alma Towers	**9,506**	353	0	**9,859**	3,691	37%
Estate Regen: Ladderswood	**183**	0	0	**183**	37	20%
Estate Regen: New Avenue	**978**	134	0	**1,112**	499	45%
Estate Regeneration Total	**10,667**	**488**	**80**	**11,235**	**4,277**	**38%**
Total Capital Programme	**116,053**	**(27,706)**	**0**	**88,347**	**31,924**	**36%**

40. Table 2 analyses the HRA budget reprofiling proposed for Qtr 2, with explanations below the table for significant items. Positives and negatives denote proposed increases and reductions in capital budget respectively yielding an overall neutral impact on the 10-year programme.

Table 2

HRA Budget Reprofiling Q2 £'000	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**Future Years**
Asset-Led Works	(1,482)	1,300	0	0	0	0
Asset-Led Works: Cambridge Road West	(950)	950	0	0	0	0
Asset-Led Works: Upper Edmonton	(500)	500	0	0	0	0
Demand-Led Works	(325)	0	0	0	0	0
Demand-Led Works: Aids & Adaptations	0	(600)	0	0	0	0
Demand-Led Works: Structural Repairs	0	0	0	0	0	0
Fire-Led Works	(9,966)	5,457	5,507	0	0	0
Stock-Condition-Led Works	(1,358)	1,624	(157)	0	0	0
Stock-Condition-Led Works: Boroughwide	0	0	0	0	0	0
Investment in Stock Total	**(14,581)**	**9,231**	**5,350**	**0**	**0**	**0**
Development Programme	(6,925)	(54,671)	(1,611)	(40,820)	(23,327)	(403,221)
Development Programme: Bury Street	(3,865)	7,028	200	0	0	0
Development Programme: Electric Quarter	(1,341)	1,341	0	0	0	0
Development Programme - Joyce & Snells	0	6,274	38,410	43,144	52,721	370,111
Development Programme: Reardon Court	(1,354)	(2,446)	6,231	0	0	0
Development Programme: Upton & Raynham	(128)	(16,841)	17,214	10,000	1,726	0
Development Programme: Gatward/Newstead & Maldon	0	0	0	0	0	0
Development Programme Total	**(13,613)**	**(59,315)**	**60,444**	**12,324**	**31,120**	**(33,110)**
Estate Regeneration	0	0	0	0	0	0
Estate Regeneration: Small Sites	0	0	0	0	0	0
Estate Regeneration: Alma Towers	353	3,469	(626)	(1,751)	(17)	568
Estate Regeneration: Ladderswood	0	0	0	0	0	0
Estate Regeneration: New Avenue	134	0	0	20	0	0
Estate Regeneration Total	**488**	**3,469**	**(626)**	**(1,731)**	**(17)**	**568**
Total HRA Reprofiling	**(27,706)**	**(46,615)**	**65,168**	**10,593**	**31,102**	**(32,542)**

Asset Led Works (£2.932m)

41. Hertford Road external works delayed due to extended lead in times from suppliers, expected to commence January 2022

Cambridge Road West works re-profiled pending decision on material costs.

Upper Edmonton contingency re-profiled to 2022-23 although works will be completed this financial year.

Demand Led Works (£0.325m)

42. Lower level of demand, diversion of resources proposed to fire safety works

Fire-Led Works (£9.966m)

43. Further re-profiling to reflect delayed start date from Spring to Summer 2022. Currently at RIBA stage 3 with delays due to additional design considerations becoming apparent as project is scoped to ensure full compliance and optimal fire safety for residents.

Stock condition led works (£1.358m)

44. Re-profiling to 2022-23 due to longer than anticipated procurement process related to deep retrofit which will improve energy efficiency, living standards and resident safety through :

New boilers	1,300 dwellings
New Kitchens & bathrooms	1,035 dwellings
Roof replacement	400 dwellings.

Development Programme (£13.613m)

45. Exeter Road and Upton and Raynham - currently out to tender and re-profiling reflects revised estimates of expenditure. The total budget required is estimated at £129m which will be funded from existing budgets and in the development programme (part funded from right to buy receipts) combined with budget for improvement works to existing blocks. This will ensure the whole estate is delivered as a holistic project for new and current residents.

46. Bury Street West – based on site activity has been reprofiled over 2021/22 and 2022/23 due to delays from ground contamination and asbestos removal. Completion is expected October 2022 and profile reflects the revised contractor estimates.

47. Other projects being progressed this year and at pre-app or tender stage include Dendridge Road, Bullsmoor Lane and Reardon Court.

48. Joyce and Snell's, approved by Cabinet 15th September (KD5343) is proceeded to ballot November, with results expected imminently. The planning application is being prepared for a hybrid masterplan to be submitted in February 2022, subject to the results of the ballot.

49. Other projects being progressed this year and at pre-app or tender stage include Dendridge Road, Bullsmoor Lane and Reardon Court.

Estate Regeneration (£0.488m brought forward)

50. Budgets have been reprofiled in line with current contractor estimates. Alma scheme forecast reflects spend commitments this year to secure housing delivery by 2023/24.

HRA Capital Programme: Forecast and Expected Outcomes for 2021/22

51. Our aim has been to sustain delivery whilst not contributing further to an overheating of the market especially on the investment programme where some delays may see a stabilisation of material prices.

52. Agreed uplifts will be covered within contingency or drawn from in-year underspends. Works will also be re-profiled based on priorities if appropriate.

53. Due to the negotiations around these increases, commencement of works has been slower than anticipated. As these draw to agreement, works can properly mobilise and commence on site, gathering pace as the contractors; processes settle in and ceasing further slippage in spend.

Council Housing Investment Programme

54. In line with the Better Council Homes programme, investment in the Council's housing stock and achieving the Decent Homes Standard and maintaining this is a Council priority; to address building safety risks and to reduce the need for responsive repairs.

55. Asset-Led Works (£8.114m)
The forecast spend is based upon the delivery of decency and safety driven improvement works to schemes where blocks in close proximity have been grouped together and procured. These schemes are all live and include, Hertford Road, Upper Edmonton and Cambridge Road West.

56. Demand-Led Works (£1.532m)
This budget funds the Councils adaptation works to housing properties and includes budget for conversion works to Dover House Surgery, which is being converted to residential, structural repairs and a cycle storage scheme.

57. Fire-Led Projects (£8.404m)
The building safety improvement projects include replacement flat entrance doors across the borough, fire suppression system (sprinklers) installations, fire / smoke alarm upgrades, communal redecorations, infrastructure replacement works such as soil stacks, and electrical submains. Projects currently live include Bliss and Purcell, Britany, Channel Islands and Walbrook House and procurement phase works to various other blocks within the Borough. Walbrook is a flagship re-investment project for the Council and will address the replacement of high-risk cladding (already removed) alongside other internal fire safety works, but also zero carbon ambitions. Currently in design stages, the full project, once live will take 2-3 years.

58. The Fire Safety Act 2021 is now in force, bringing with it a range of obligations that will increase the costs of building safety management. These will be quantified in the annual review of the HRA Business Plan and will form part of revised budgets from 2022/23. The increased staffing costs required to perform the accountable person function will be material and are estimated at £800k per annum. The Housing Scrutiny Panel reviewed the Council's preparedness for the new arrangements and effectiveness of the existing building safety programme.

59. Stock-Condition-Led Works (£29.845m)

This budget funds decent homes improvements works including, kitchen, bathroom, heating, electrical, roofing, windows, door replacements. The Council are currently delivering various contracts across the borough for these works. Stock led works also includes lift upgrade works which are being delivered to blocks including Burgundy, Normandy, Picardy, Dover, Jackson, Swinson and Woolmer this year. We are also working on an application for Social Housing Decarbonisation Funding (SHDF) in a bid led by Barking & Dagenham Council for EnergieSprong. Deep retrofitting to net zero carbon. If successful, this will receive match funding to the value of c.£2million

Social Value

53. The contracts awarded will deliver the following social value outcomes:
    - Apprenticeships
    - school placement/ work experience placements, with 4 targeted at BME and disabled school leavers
    - DIY skills workshops (2 per year) for residents
    - Greening and sustainability projects
    - A commitment that 40% of all contract labour will be from Enfield residents
    - A 3-tonne reduction in carbon generated from the Council
    - 100% recyclable waste target
    - Resident energy awareness programme to address energy consumption and fuel poverty.

60. Moving forward all Social Value outcomes will be captured via the Social Value Portal, using the Council Housing social value model and will account for 10% of the tender evaluation score.

Development Programme (£29.218m)

61. Spend forecasts have been amended in line with current programme activity. Invitation to Tender have been issued for Upton and Raynham and Exeter Road with responses due in by the end of November. Due to initial soft market testing showing a 10% build cost inflation and material supplies constrained, it is proposed to procure and award the total number of homes as a single contract which will help to improve value for money and costs efficiency. The combined budget for Exeter Road (all phases) and Upton and Raynham are approximately £113m with contract award programmed for Cabinet in Jan 2022.

62. Two projects are being progressed via Modern Methods of Construction (MMC), Bullsmoor Lane and Dendridge Close. Zedpods have been awarded main contract works for Bullsmoor and spend forecasts reflect approved cashflow. Planning is due to be submitted in January for 31 homes and starts on site in 2022/23. Dendridge is currently at feasibility stage with tenders to be issued in November using an MMC Framework. Planning submission expected in January and start on site in 2022/23.

63. The Council is contractually obligated to deliver starts through the GLA programme with a longer-term commitment to deliver 3,500 homes. To manage cost pressures and deadlines a review is in progress as follows :

    - Value engineering aspects of schemes to create efficiencies.

- Seeking higher levels of grant – especially those funded through historical low grant rate programme such as Upton and Raynham.
- Seeking funding via the S106/CIL budgets.
- Review of procurement strategies including packaging schemes to identify cost efficiencies.
- Review of tenure and increasing private sale.
- Reviewing of lease based social housing models which are funded through revenue lease payments rather than capital. These will be appraised for value for money based on revenue surplus/deficit position over a 40-year term together with impact on Capital Financing Requirement in the context of the Council's Treasury Management Strategy Statement

64. As part of this review empirical build costs and revised expenditure profiles have been used to update the HRA Business Plan appearing elsewhere on the agenda.

Estate Regeneration (£11.235m)

65. This programme, which includes the Alma Estate, New Avenue and Ladderswood schemes, is investing in large scale phased regeneration for delivery of in-demand affordable housing as well as unlocking new homes for low cost home ownership for Enfield residents.

66. To comply with the Government's social distancing guidelines, on site capacity has reduced by some 30% in most cases, impacting on construction activity.

67. To mitigate this works on Alma Phase 2a and Phase 4 has been brought forward with revised planning consent, issued in September, increasing the number of homes for phases 2a and 4 by 88 as shown below.

Alma Estate Phase	Previous consent	Revised	Increase
2a	192	228	36
4	23	75	32
Total	215	303	88

68. Ladderswood - Delays with the change of use planning application have impacted on new commercial units being let and therefore there is a reduction in rental income this financial year. Phase 4 is due to commence in this financial year and negotiations are in progress to secure a Deed of Variation to the existing Development Agreement, which seeks to resolve historical costs issues associated with changes in requirement to connect to the heat network. This should result in £1.6m adjustment to the overage forecasts which is usually paid as a % on completion of sales units.

69. New Avenue - planning application has been submitted to increase the number of homes at New Avenue and is due to be determined by the end of this financial year. The changes to building regulations, including requirements for sprinklers and future proofing through use of appropriate

cladding/materials, will increase build costs. Although developers are required to deliver compliant homes, some aspects such as future proofing may be subject to negotiation as some requirements will have to be anticipated.

70. Joyce & Snell's – Cabinet approved, on 15th September 2021 (KD5343), for phases 0-3 scheme budget, proceeding to ballot, submission of planning next year and to commence procurement of contractors. A review of scheme's phasing is in progress to assess impact on costs and viability, given market conditions and the need to meet decant requirements. The scheme is included in the HRA Business plan update, appearing elsewhere on the agenda, with appropriate assumptions for specialised resources in place to ensure key milestones can be met over the next year.

71. As a result of the reconfiguration of the scheme, also approved by Cabinet (KD5343), the capital budget for Joyce & Snells has been reduced in the 10-year capital programme by £94.8m. The estimates within the 10-year capital programme together with future years will be kept under review with progress and updates reported to Cabinet as appropriate.

Market conditions update

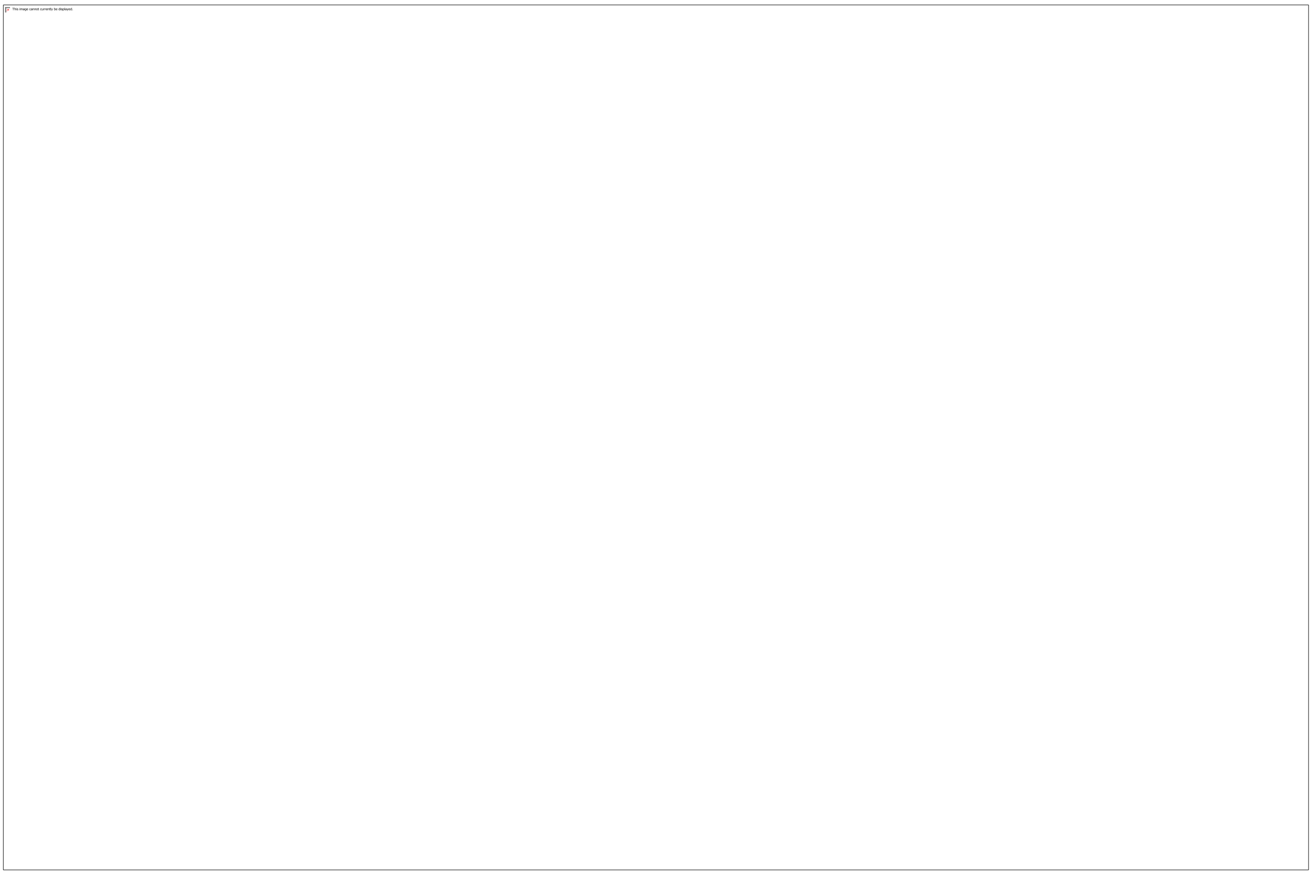
72. The pandemic, BREXIT, climate change and Suez Canal back log have created market volatility resulting in material shortages and cost increases, thus having an impact on the supply chain. Construction firms have reported transport constraints, materials and continued staff shortages including bricklayers, drivers, ground workers, joiners and plumbers. This has resulted in many firms struggling to find the subcontractors needed for building projects. While the construction industry has been growing fast with the pandemic easing, data from last month reported the weakest speed of recovery for eight months. New official data also shows that UK brick sales, a sign of the state of housebuilding, were 9.3% lower in August than July and 3.3% lower than the 2019 average.(Source : The Guardian 10th Oct 2021)

73. According to the Department for Business, Energy and Industrial Strategy's (BEIS), generally material prices were 10.2% higher in May 2021 than in May 2020. However, key construction materials such as fabricated steel and plyboard have increased by 38.1% and 29.8% respectively. The Telegraph also reported the price of cement has risen 30% throughout the past year.

74. The Royal Institution of Chartered Surveyors (RICS) is estimating that the material prices over the next year will increase by a further 10%. This is mainly due to the UK Government's continued belief that construction projects are the best route to economic recovery which places pressure on supply. However, 64% of contractors in a recent survey indicated labour shortages would be the limiting factor to their activity, this is up 22% from the first quarter of 2021.

75. The issue is illustrated in the following chart which shows the current and forecasted UK tender price and building cost indices compiled by

Costmodelling Limited from information published on 1 October 2021 by the Office of National Statistics and from the RICS and several leading UK construction cost consultancies.



76. Also, with several insurers exiting the market or reducing their packages (particularly professional indemnity), there are emerging issues in procuring the consultants and technical experts needed to delivery schemes.

77. This will continue to impact on delivery milestones and costs for the balance of the financial year. We are continuously monitoring the market and engaging with stakeholders (including the GLA) to mitigate impact to programme and funding. The tender returns for Exeter Road and Upton & Raynham, which is due in November, will be the key test of the deliverability of the programme.

Risks

78. New and emerging legislation around Building Safety, Decency standards and the Climate Action agenda, are placing significant financial pressures on the HRA and it is acknowledged that the Council will need to explore external funding and continue to lobby Central Government, for additional financial support, to enable it to deliver this strategy.

79. A significant risk is that of increasing construction costs, noted below, which is expected to impact on residential contracts entered in financial year 2021/22. Mitigations will have to be found in specification of works and securing maximum grant support whilst monitoring market conditions and the macro-economic environment.

80. Development Programme
Risks relate to planning timescales and cost of development. In the current climate, the contractor market is likely to amend pricing to include the risk of reduced supply and material chains which will impact on the Council's ability to deliver within hurdle rates.

81. Changes in grant conditions could impact the future development programme i.e. reduction in rent levels and grant receivable. Unlike its predecessor the new Affordable Homes Programme (AHP) is based on a lower social rent and no longer has a tariff rate and each scheme is based on value for money test and grant as a % of total scheme costs. The assumption in HRA Business Plan is £150k (social rent) and £50k (shared ownership) for bids submitted under the AHP programme. Joyce and Snell's has been allocated a higher level of grant per unit reflecting the complexities of the scheme.

82. The overall programme risk is the availability of grant for future years which is likely to have a stringent set of restrictions. In the short term, it is important to develop processes and a flexible approach to planning and hurdle rates to maintain grant levels currently allocated for this financial year.

83. The Housing Service is exploring mitigations to address these risks which include:

- engaging with GLA to maximise grant support
- reviewing phasing of construction to minimise the impacts of increased construction costs
- exploring innovations in construction technology (like modern methods of construction "MMC") to take advantage of cost savings without compromising quality and tenants' safety.

Financing the Capital Programme

84. Table 3 below sets out the financing position for the 2021/22 to 2024/25 and future years to 2030/31:

Table 3

HRA Capital Financing £'000	**2021/22 Budget**	**2022/23 Budget**	**2023/24 Budget**	**2024/25 Budget**	**Future Years**
Grants & External Contributions	6,700	17,347	9,139	21,140	124,102
Capital Receipts	13,360	39,493	35,264	60,325	186,173
Major Works Allowance	11,385	11,744	12,062	14,145	84,234
Earmarked Reserves	22,903	21,427	6,923	0	68,097
Borrowing	34,000	61,200	132,800	0	158,000
Total	**88,347**	**151,210**	**196,188**	**95,610**	**620,605**

Grants Summary

85. The table below provides a summary of the grant assumptions over the next 5 years:

Grant £'000s	2021/22	2022/23	2023/24	2024/25	2025/26
GLA Grant	6,353	16,218	9,139	21,140	13,121
Local Authority Delivery Scheme	346	1,129	0	0	0
Total Grant	**6,700**	**17,347**	**9,139**	**21,140**	**13,121**

86. The Council is currently delivering a number of large housing schemes under the Building Council Homes for Londoners programme which requires starts on site no later than March 2023. Through a mixture of direct delivery and acquisitions, the Council is progressing schemes through planning to ensure the current committed programme is delivered to time. In April, the Council submitted a bid as part of the AHP 21-26 programme and announcements were made in September confirming the full bid was successful and allocated the full amount applied for of £166.5m to support future new build and regeneration projects. The grant relates to sites in future years and projects commencing from April 2023 and is subject to contract.

87. Enfield Council have been successful in the bidding application for Phase 1B of the Local Authority Delivery scheme and received confirmation from Department for Business, Energy and Industrial Strategy (BEIS) in February 2021 that the application has successfully met the assessment criteria for funding to provide energy efficiency upgrades to low-income homes which amounts to £305,000 worth of funding. This funding will support the installation of External Wall Insulation in 61 Council properties.

Earmarked Reserves

88. The level of HRA earmarked reserves is shown below and have remained stable:

Reserves £'000s	Balance at 1st April 2021	Forecast Transfers 2021/22	Forecast Balance 31st March 2022
HRA Repairs Fund	(10,064)	0	(10,064)
HRA Balance	(9,943)	(9,048)	(18,991)
Total HRA Reserves and Balances	**(20,007)**	**(9,048)**	**(29,055)**

Public Health Implications

89. Through investment in capital building and maintenance, the Council influences the built environment within Enfield significantly. The built environment in turn influences how residents interact with their environment; for example, during active travel or accessing facilities. Ensuring that our capital buildings are maintained, fit for purpose, and wellbeing considerations are taken in terms of their use, how they promote residents' wellbeing is key to contributing positively towards the public's health. Additionally, ensuring that all buildings have minimal environmental impact also contributes towards enhancing resident's wellbeing.

90. The Council moved swiftly to safeguard the health of its residents and staff during a period of threat unprecedented in living memory. As previously reported the financial implications of this have been harsh and have reached into every department in the Council. As the council is

fundamental to the health of Enfield residents it needs to achieve financial balance.

91. This report notes the work that the Council is and has already undertaken and therefore in and of itself does not have public health implications. However, both the Office for Budget Responsibility (OBR) and the Institute for Financial Services (IFS) have both reported on the negative health effects of the 2008 financial crisis. In order to mitigate the effects of this current crisis the council will need to attain financial balance, consider what the 'new normal' might be and how this might be achieved whilst optimising resident's health.

Equalities Impact of the Proposal

92. 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.

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

Environmental and Climate Change Considerations

94. Environmental and climate changes implications are referenced as relevant in the body of the report.

Financial Implications

95. Financial implications are implicit in the report.

Legal Implications

96. 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.

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

Property Implications

98. Property implications are implicit in the body of the report.

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Date : 21st Oct 2021

Appendices

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

Appendix A – HRA Revenue monitor Qtr 2 position

Council Housing Revenue Monitor £'000s	2021-22 Original Budget	Approved Variations	2021-22 Latest Budget	Spend to date	Projected Outturn at Year End	Variance	Last Months Variance	Difference compared to last month
Supervision and Management (General) *Housing Development & Estate Renewals *Director Housing Management *Tenancy and Estate Management *Income Collection *Re-Housing *Home Ownership & RTB's *Communications	15,495	0	15,495	6,524	15,495	0	0	0
Supervision and Management (Special) *Grounds Maintenance *Energy *Communal Services *Sheltered Housing *Concierge & CCTV	7,088	0	7,088	3,396	7,153	65	130	-65
Repairs Admin *Housing Prof Services *Technical Services	1,655	0	1,655	1,099	1,655	0	0	0
Repairs Base *Responsive & Planned	11,198	0	11,198	5,797	11,198	0	0	0
Rates - Council Tax on Estate Renewals	614	0	614	0	614	0	0	0

Rates - Business Rates & Council Tax	62	0	62	0	62	0	0	0
HRA Surplus (to fund Capital)	7,016	0	7,016	0	7,016	0	0	0
Bad Debt Provision	858	0	858	0	418	-440	-440	0
Capital Financing	23,412	0	23,412	0	23,412	0	0	0
Rents Dwellings	-58,871	0	-58,871	-23,612	-58,871	0	0	0
Rents Non-Dwellings (Shops/Garages/Community Halls)	-3,266	0	-3,266	-1,746	-2,856	410	278	132
Interest on HRA Balances + RTB mortgages	-380	0	-380	0	-380	0	0	0
Corporate & Democratic Core	134	0	134	0	134	0	0	0
Leaseholders Service Charges	-5,016	0	-5,016	-3,203	-5,016	0	0	0
Total Cash Limit	**0**	**0**	**0**	**-11,744**	**35**	**35**	**-32**	**67**

Appendix B - HRA 10-year Capital programme Qtr 2 position

HRA 10 year Capital Programme : Approved budget with carry fwds and Qtr 2 adjustments £'000s	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget	Future Years	Total
Asset-Led Works	1,483	3,805	0	0	0	0	**5,288**
Asset-Led Works: Cambridge Road West	1,497	3,950	0	0	0	0	**5,447**
Asset-Led Works: Upper Edmonton	5,134	719	0	0	0	0	**5,852**
Demand-Led Works	195	1,050	850	0	0	0	**2,095**
Demand-Led Works: Aids & Adaptations	1,337	1,100	1,500	0	0	0	**3,937**
Demand-Led Works: Structural Repairs	0	0	0	0	0	0	**0**
Fire-Led Works	8,404	34,558	7,476	0	0	0	**50,438**
Stock-Condition-Led Works	29,695	24,598	22,793	0	0	0	**77,086**
Stock-Condition-Led Works: Boroughwide	150	4,000	4,000	14,933	14,539	69,695	**107,317**
Investment in Stock Total	**47,895**	**73,780**	**36,619**	**14,933**	**14,539**	**69,695**	**257,460**
Development Programme: Holding code for future projects	2,135	32,979	70,725	26,550	59,501	145,656	**337,546**
Development Programme: Gatward/Newstead & Maldon	9,526	9,636	438	0	0	0	**19,599**
Development Programme: Upton & Raynham	5,851	1,341	0	0	0	0	**7,191**
Development Programme: Reardon Court	2,049	6,756	38,410	43,144	52,721	275,403	**418,482**
Development Programme: Bury Street	1,800	10,069	18,231	0	0	0	**30,100**
Development Programme: Electric Quarter	2,857	11,254	30,714	10,000	1,726	0	**56,552**
Development Programme Total	5,001	110	0	0	0	0	**5,111**
Estate Regeneration	**29,218**	**72,145**	**158,518**	**79,694**	**113,948**	**421,059**	**874,581**
Estate Regeneration: Alma Towers	9,859	4,831	736	648	628	626	**17,328**
Estate Regeneration: Ladderswood	183	250	110	110	110	0	**763**
Estate Regeneration: New Avenue	1,112	205	205	224	0	0	**1,746**
Estate Regeneration: Small Sites	80	0	0	0	0	0	**80**
Estate Regeneration Total	**11,235**	**5,285**	**1,051**	**982**	**738**	**626**	**19,917**
Total	**88,347**	**151,210**	**196,188**	**95,610**	**129,225**	**491,380**	**1,151,958**

London Borough of Enfield

Meeting Date: Cabinet 8th December 2021

Subject: **HRA Business Plan update report**

Cabinet Member: **Councillor Maguire and Councillor Needs**

Key Decision: **KD5342**

Purpose of Report

1. Each year we review the assumptions in the Housing Revenue Account (HRA) in the light of the external environment (for example interest and grant rates) and the progress of our strategy for Council Housing and the annual plan for the period.

2. The current strategy is to have a balanced approach to investment (capital) in existing homes, the building of new council homes and day to day services (revenue) for council tenants and leaseholders including meeting the required standards of the Regulator for Social Housing. It is a general principle of our approach that we should maximise capital investment in homes and places to minimise day to day revenue costs. An efficient, but adequately resourced day to day service should allow investment in the development of new homes which helps to grow income, balance the age of the stock profile and its investment requirements whilst addressing critical housing need which drives general fund pressures in homelessness and beyond.

3. Cabinet will be aware that there are significant pressures on the Council Housing area in relation to building safety and decarbonisation and that it has called on Government to meet these costs which – whilst important to the Council's agenda – cannot readily be funded from the Housing Revenue account without additional financial support. We have successfully bid for a number of decarbonisation grants to address circa 250 homes and this business plan review builds in the costs of the new building safety management framework.

4. This strategy delivers on our Good Growth Housing strategy ambitions of being proud of and investing in our Council homes.

Proposals

5. Cabinet is recommended to:

6. Note the updated HRA Business Plan and financial assumptions on which we will ensure an affordable and viable 30-year plan.

7. Recommend to Council the revised 10-year HRA Capital Programme budget, including reduction of £94.8m in the overall budget requirement.

8. Note the reduced HRA borrowing requirement from £656.2m to £622.6m over the next 10 years.

9. Recommend to Council to approve the updated hurdle rates and build costs on development schemes as a result of adverse market conditions which will enable us to continue to build new homes during this period.

10. Recommend to Council to approve acceptance of successful GLA grant bid of £166.5m as part of the AHP 21-26 programme and entering into of grant agreement for starts from 2023-2028. This secures funding for the first phases of the Joyce and Snells regeneration scheme.

11. Note September CPI of 3.1%, which increases the social and affordable rents levels in April 2022 by 4.1%, approval will come forward as part of the HRA rent setting report recommended to Council on 23rd February 2022.

12. Note the reduction in borrowing interest rates for 2021-22 and 2022-23, approval will be recommended to Council as part of the Treasury Strategy update report on 23rd February 2022.

13. Note the outline criteria to be used when assessing lease propositions from external investors as a means of increasing supply without entering into any binding commitment until all aspects, including Treasury Management, have been fully considered.

14. Recommend to Council to approve entering into of a Deed of Variation to the Development Agreement for the Ladderswood project for costs accrued in earlier phases and adjustments to overage income projections.

15. Recommend to Council to approve Deed of Variation to the New Avenue Development Agreement to increase the number of homes from 408 to 503, subject to planning and all relevant consents.

16. Note that there is no additional funding available to meet the Fire Safety Act 2021, made law in April and the Building Safety agenda and that additional staffing resources to meet these new functions is included in the business plan on a phased basis from April 2022.

17. Note the additional investment made in improving the environmental conditions of estates following lifestyle changes as a result of the pandemic.

Reason for Proposals

18. To ensure that a balanced and viable 30-Year HRA Business Plan is approved by Cabinet which meets the strategic priorities of the service.

Relevance to the Council's Corporate Plan

19. Develop affordable homes, improve existing housing stock to create a lifetime of opportunities in Enfield, providing Good Homes in well-connected Neighbourhoods, and Sustaining Strong and Healthy Communities.

Background

20. In January 2020, the HRA Business Plan was updated and a revised Financial and investment framework was approved. This report included

the introduction of the financial metrics which are to assist in ensuring viability and sustainability of the HRA 30-year business plan.

21. The report approved the delivery of 3,804 new homes (3,500 affordable) in the development programme over the next 10 years. This recognised the need for, and Council's priority for the addition of affordable council housing to meet the existing needs of residents.

22. In February 2021, Cabinet approved the Better Council Homes (KD5219) report, which included a review of the HRA 30-year business plan. This report included the following changes:

    a. Revised development programme including extension of years to achieve completions from 10 years to 13 years and that the 3,500 new homes programme could be met in this period
    b. updated financial hurdle rates
    c. Changes to the GLA funding and new Affordable Housing Programme (AHP)
    d. Updated borrowing profile
    e. Re-profiled 10-year investment in stock programme
    f. Update on efficiency savings
    g. CPI reduction from estimated 2% to 0.5%
    h. Updated financial metrics

23. Cabinet agreed an ambitious investment programme (February 2021) to improve the quality of existing Council homes. This report provides an update on the programme for 2021/22.

24. We have called on Government to meet the costs of new burdens arising from the Building Safety Bill and from the zero-carbon agenda which amounts to circa £370m over the next 30 years (subject to review as part of the Asset Management Strategy). Whilst there is decarbonisation funding being made available via bid calls, coming through for decarbonisation there is no additional funding for Building Safety although some of these costs are capable of being levied by way of service charges.

25. In February 2021, the HRA rent setting was approved which included the 30-year revenue and capital programme budget approvals.

Main Considerations for the Council

26. The HRA Business Plan is subject to an annual review to ensure the assumptions are deliverable in the local operating context.

27. This report gives an update on the HRA 30-year business plan position at Quarter 2 2021-22 and includes the following main changes:

    a. Revised 10-year development programme to secure ongoing delivery
    b. RTB receipts legislation
    c. Updated borrowing profile
    d. Lease proposals
    e. Re-profiled 10-year investment in stock programme
    f. Revenue budget update
    g. CPI update

h. Financial framework update, including, financial metric and assumptions

28. **Development Programme**

29. This will deliver approximately 3,500 new homes starts over the next 13 years, funded through a mix of GLA grant, Right to Buy (RTB) receipts, HRA borrowing and cross subsidy from sales.

30. This year (2021-22) the new homes programme has experienced challenges arising from the current volatile market conditions.

31. For context, the pandemic, BREXIT, climate change and Suez Canal back log have created market volatility due to material shortages and cost increases, thus having an impact on the supply chain. Construction firms have a severe lack of materials and continued staff shortages among bricklayers, drivers, ground workers, joiners and plumbers. It has meant that many are struggling to find the subcontractors needed for building projects. While the construction industry has been growing fast with the pandemic easing, data from last month reported the weakest speed of recovery for eight months. New official data also shows that UK brick sales, a sign of the state of housebuilding, were 9.3% lower in August than July and 3.3% lower than the 2019 average.

32. According to the Department for Business, Energy and Industrial Strategy's (BEIS), material prices generally were 10.2% higher in May 2021 than in May 2020. Moreover, key construction materials such as fabricated steel and plyboard have increased by 38.1% and 29.8% respectively.

33. In order to manage the pressures of increased build cost within the current programme a number of reviews are progressing including, value engineering to create efficiencies, seeking higher grant levels and S106 funding and reviewing procurement strategies.

34. Upton Road and Exeter Road are infill developments across Council owned land. A hybrid application for Exeter Road was granted approval in August and Upton and Raynham planning application will be submitted in November. As a combined project, these sites will deliver over 200 homes by 2025, with starts on site due to commence in early 2022. They will also improve the living conditions for existing residents who will, subject to housing need, have first priority for new homes via local lettings plans.

35. Since the HRA Business Plan capacity was reviewed by Savills in 2019, the build costs have significantly increased as a result of the changing construction market and adoption of the London Plan which includes requirements for net zero, play and sustainable drainage hierarchy. Additionally, both projects are complex developments which are within existing estate boundaries and therefore as part of the planning, the Council (acting as developer) is required to improve existing blocks for the betterment of existing residents and provide new and additional doorstep play for children. This has created budgetary pressures as the original approved budget is based on a traditional newbuild scheme whereas both schemes are required to invest in existing council owned accommodation to offset impact of the infill development. The works to the existing blocks will improve the accommodation and access and had been programmed as part of the major

works programme in future years. Therefore, the revised proposals seek to reprofile the works and cashflow in line with the new development programme.

36. In totality this means the average base cost per unit (£300k) has increased and the budgetary requirement of £129m (Exeter Road c.£67m and Upton and Raynham c.£61m) reflects the additional improvements necessary to weave the new development in with the existing. It is expected that part of these project costs will be funded from the investment programme as these works will improve the existing estates and are built into the long-term programme. Cabinet approval for the overall budget and contract award will be sought in January.

37. To offset the increased costs and trajectory for build cost inflation over the next 24 months, the cost per unit will increase to £400k for newbuild projects and £450k for regeneration schemes. However, efficiencies in design will continue to be driven as over the full term of the HRA Business Plan, direct development cannot be sustained at that rate and therefore the development team will be expected to deliver schemes under those thresholds.

38. In light of these pressures a financial review of the development programme has been completed. The main changes to the programme and viability assessment are as follows:

    a. The average build cost has been reviewed, with the previous programme including an average build cost of £300k per affordable unit. Based on current market conditions this has been increased to an average £400k per unit. The estate regeneration average build cost remains at £450k per unit. This will however continue to be reviewed based on market conditions with the aim of driving this downwards.

    b. The programme has been reprofiled to reflect the approved Joyce and Snells project budget. This has reduced the expected capital expenditure requirement over the 10-year period by £94.8m and this in turn has reduced the overall borrowing requirement.

    c. The extension of homes beyond the 10-year period reflects the Joyce and Snell's regeneration programme which is a complicated decant programme and therefore requires phased starts and completions based on securing block decants. Phases 0-3 are currently forecast to commence works from late 2022, subject to planning and contractor market.

    d. Acquisitions of affordable homes from the market or on estate regeneration schemes will be based on lower cost per unit and not exceeding £350k (long term build cost rate) to reduce growth in future years.

    e. Updated AHP programme, reflecting secured grant levels from the GLA, following successful funding bid. Enfield secured £166.5m which will contribute towards funding 1,119 new homes in the Borough.

    f. The loan repayment period has been increased from maximum of 40 years to maximum 50 years based on asset life assumptions (consistent with accounting policies in published statement of accounts) and repayment of debt. This will be used when assessing the viability of future schemes.

g. The NPV has been reviewed considering the increased build cost and extended repayment period and has resulted in the hurdle rate changing from a negative £50k per unit to negative £60k per unit.

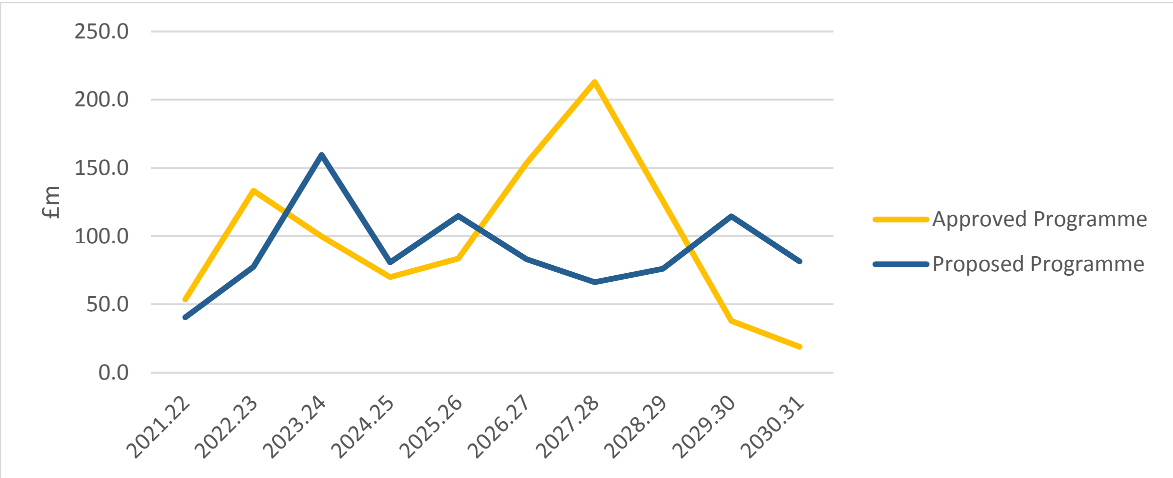
Table 1

Hurdle Criteria	Current Approved	Proposed
Build cost per unit	£300k new build £450k estate regeneration	£400k new build £450k estate regeneration
Net Present Value (NPV) – cashflows include inflation assume discount rate of 3.5%	-£50k per unit	-£60k per unit
Internal rate of return (IRR)*	3.5%	3.5%
Repayment period	40 years	50 years

******IRR is that discount rate which will generate zero NPV; submarket rents used as the schemes have wider social benefits therefore it is acknowledged the IRR will not be met in all circumstances*

39. The below graph compares the current approved programme against the proposed reprofiled 10-year budget:

Graph 1



40. The graph shows that the budget reprofiling has reduced costs in the next two years, with future costs smoothed based on a more realistic delivery model.

41. The updated 30-year development programme with funding is summarised below:

Table 2

Development Programme	Total Homes	Total Affordable Homes	Total Scheme Costs	Total GLA Grant	Total RTB & S106 Receipts	Total Other Receipts	Total Headroom required
			£m	£m	£m	£m	£m
AHP 2016-23, On Site	629	604	151.2	35.4	0.5	15.6	99.8
AHP 2016-23, Committed	780	738	239.0	41.1	26.0	31.0	140.8
AHP 2021-26 Council led	1,755	1,212	713.8	149.0	0.0	472.3	92.5
Future Projects	336	336	113.3	39.8	0.0	4.2	69.3
	3,500	**2,890**	**1,217.4**	**265.3**	**26.5**	**523.2**	**402.4**

42. **Right to Buy (RTB) Receipts**

43. The Government has published new legislation on the use of RTB receipts and the following changes have been made with effective from 1st April 2021:

    a. For new and existing receipts, they have extended the timeframe local authorities have for spending Right to Buy receipts from 3 to 5 years
    b. Increase on the cap on the percentage cost of a new home that local authorities can fund from Right to Buy receipts from 30% to 40%
    c. Introduced a cap on the use of Right to Buy receipts on acquisitions to help drive new supply.
    d. Allow receipts to be used for shared ownership and First Homes

44. Overall the changes are positive and will be of benefit to Enfield. It allows us flexibility in the use of the receipts and will assist in considering other options for the future development programme.

45. Since the last HRA Business Plan update (Feb 2021) the main changes are that due to the nature of works required at Exeter Road, only the newbuild would be eligible for grant. This means that overall the scheme is less viable with grant as currently this only represents 10% of the total scheme costs whereas the changes to use of unspent RTB mean up to 40% can be applied to eligible costs and therefore improves viability overall.

46. The Council will continue to assess schemes on the basis of grant as % of total scheme costs against the use of unspent Right to Buy receipts to ensure that available resources are directed to the key priorities and grant is maximised on newbuild developments.

47. **Estate regeneration**

48. Ladderswood

49. In 2011 the Council entered into a Development Agreement (DA) with the New Ladderswood LLP, which subsequently received planning for 517 new homes with a 71%/29% private/affordable tenure mix.

50. There have been a number of changes to the project over the last few years that require the DA to be amended by a Deed of Variation (DoV) to regularise the project for both the Council and the delivery partner. The main change originated from the Council adopting a supplementary planning document in 2012 which required sites to connect to a heat network. This resulted in the Developer redesigning the masterplan to deliver an Energy centre and satisfy the Council's requirement for Energetik as the ESCO for the project. The original costs have been independently verified by a Quantity Surveyor to confirm the adjustments to projected income are eligible for the Energy Centre, security costs and associated fees.

51. As Phases 1-3 are now complete, ahead of Phase 4 commencing the Council will be seeking to enter into a DoV. This will, regularise the costs and overage assumptions, update current phasing plans, programme and tighten clauses around Long Stop Dates, to enable the future phases to commence and deliver as per the agreed changes.

52. New Avenue

53. Countryside Properties (CPUK) was selected as development partner for the New Avenue project by Cabinet in October 2014 (KD3793). The principle outcome of the project was the reprovision of 140 Council homes as part of a high-quality estate renewal project. CPUK obtained planning permission for 408 units (after tendering for 451 units). Given the requirement to deliver a minimum of 140 affordable housing units, this led to a provision of 34% affordable housing (all social rented, bar a small number which could become shared equity to facilitate resident leaseholders who wish to stay on the estate to do so).

54. Given the lower than anticipated number of homes planning permission was obtained for which reduced land receipts payable, it was always the intention of both the Council and CPUK that a revised planning application would be made (and an obligation to make an application included in the development agreement). Both the Council and CPUK agreed that scheme should be optimised to increase the proportion of family sized homes within the Council's supply of social housing, increase the range of affordable products and provide enhanced transport options through increased Section 106 (S106) contributions.

55. Through a S73 application, CPUK are seeking to increase the number of homes from 408 to 502 in line with the original objectives of the scheme. Currently over [100] homes have completed on site in Phase 1.

56. **Borrowing and interest rates update**

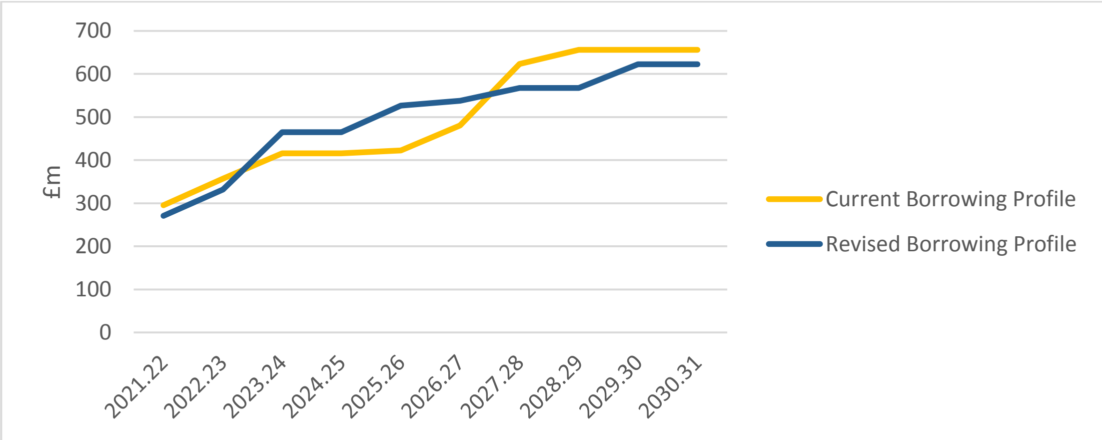
57. The current level of borrowing within the HRA is £236.6m. This level was due to increase by £419.6m over the next 10 years, however due to the reduction of spend in the capital programme the borrowing requirement has reduced to £386.0 over this period.

58. The below table and graph show the movement in the borrowing profile over the next 10 years:

Table 3

	Current borrowing profile	**Revised borrowing profile**	**Difference**
	£m	**£m**	**£m**
2020/21	59.0	34.0	-25.0
2021/22	61.0	61.2	0.2
2022/23	59.0	132.8	73.8
2023/24	0.0	0.0	0.0
2024/25	6.6	62.0	55.4
2025/26	58.0	11.0	-47.0
2026/27	143.0	30.0	-113.0
2027/28	33.0	0.0	-33.0
2028/29	0.0	55.0	55.0
2029/30	0.0	0.0	0.0
Total	**419.6**	**386.0**	**-33.6**

Graph 2



59. Borrowing assumptions within the Business Plan are based on PWLB loans at 2.5% until 2022-23 then 3.5% onwards. It should be noted that all borrowing requirements will remain within the Councils financial metrics and in line with the General Funds Prudential Indicators and Treasury Management Strategy. The loan principal will be paid back in full when it falls due. Interest is charged annually over the life of the loan.

Lease proposals

60. The Council has been approached by organisations representing external investors with lease products which would increase housing supply in line with Council objectives.

61. Key points to note about these proposals are as follows:

    a. Council committed to pay annual lease payments over a 40 – 50 years in return for exclusive use of residential units, and assume responsibility for all management, maintenance and insurance

    b. Lease payments based on inflation plus an uplift although annual increases capped at 4% - 5% to limit exposure

    c. Rents charged by Council but are subject to Rent Regulations therefore risk is income may not keep up with lease payments, accentuated by RTB.

    d. Construction risk would however be with the Lessor, not the Council therefore no exposure to increasing construction costs

62. The proposals, which are not homogenous, require detailed review by Legal Services to ensure all risks are identified with appropriate mitigations are deployed.

63. On this basis it is proposed to introduce the following criteria to assess future proposals:

    a. Value for money – present value of lease payments must not exceed £400k and £450k per unit for new build and regeneration scheme respectively

b. Capital Financing Requirement (CFR) – finance lease obligation will be counted as an increase in the Council's overall CFR which is used to assess the Council's financial standing and ability to service is debts; the impact will therefore have to be assessed as part of the Council's annual Treasury Management Strategy Statement.

c. Lease inflation – lease payment could potentially overtake annual rent increases; rent regulations do not clarify increases beyond 2025. A lower cap on lease inflation will be required to ensure viability across a range of plausible scenarios.

d. Revenue impact – positive revenue impact will need to be evidenced from year three onwards to ensure the lease products contribute to reserves after considering interest costs.

64. **Investment programme**

65. The investment programme has also experienced challenges this year (2021-22) arising from the current market conditions. As with the development programme there has been cost pressures for materials and labour which has seen requests for price increases in our current and future contracts and time delays as these are assessed and agreed as appropriate. These costs are currently being negotiated and will be retained within the approved budget, with contingency being used in these instances.

66. This issue has also impacted delivery of the programme, with budgets reprofiled into future years to reflect actual delivery. It should be noted that work on budget reprofiling for the 2022-23 programme is ongoing and will be reported and updated in the quarterly monitoring reports.

67. A principle of schemes which involve infill development is that the capital programme priorities will be aligned to the development programme so that investment works in existing stock can be linked to development of new homes. This will include the improvement works to existing estates as part of the Exeter Road and Upton and Raynham proposed development projects.

68. The updated 10-year investment programme is shown below, and this is subject to review of the Asset Management Strategy in respect of requirements from 2023/24:

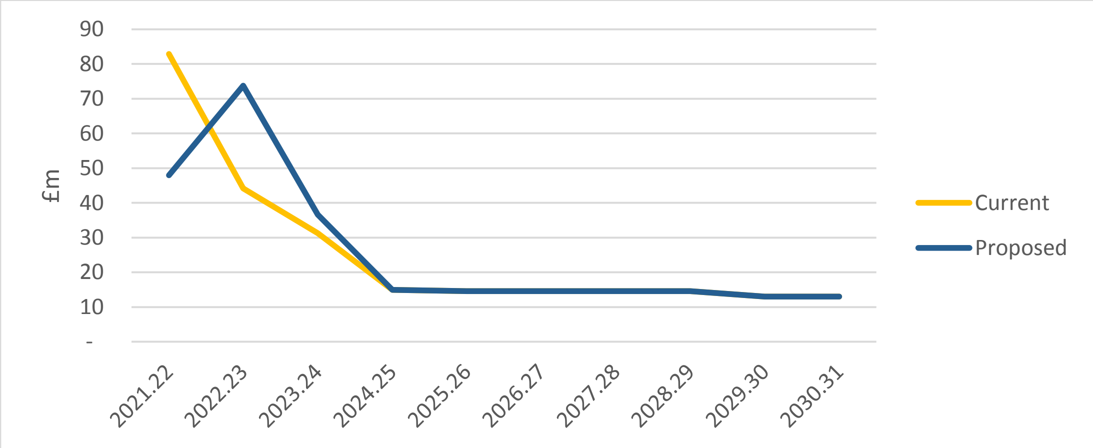
Table 4

10 Year Capital Programme	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**Future years**	**TOTAL**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Asset-Led Works	1,483	3,805	0	0	0	0	**5,288**
Asset-Led Works: Cambridge Road West	1,497	3,950	0	0	0	0	**5,447**
Asset-Led Works: Upper Edmonton	5,134	719	0	0	0	0	**5,852**
Demand-Led Works	195	1,050	850	0	0	0	**2,095**
Demand-Led Works: Aids & Adaptations	1,337	1,100	1,500	0	0	0	**3,937**
Demand-Led Works: Structural Repairs	0	0	0	0	0	0	**0**

Fire-Led Works	8,404	34,558	7,476	0	0	0	**50,438**
Stock-Condition-Led Works	29,695	24,598	22,793	0	0	0	**77,086**
Stock-Condition-Led Works: Boroughwide	150	4,000	4,000	14,933	14,539	69,695	**107,317**
Investment in Stock Total	**47,895**	**73,780**	**36,619**	**14,933**	**14,539**	**69,695**	**257,460**

69. The below graph compares the current approved programme against the proposed reprofiled 10-year budget:

Graph 3



70. The graph shows that the budget reprofiling has reduced spend this year to reflect delays in contracts on site and at procurement stage.

71. Works in year include a range of measures to address the decent homes standard – external works, covering as necessary; roofs, windows, brick repairs, rainwater goods and communal electrics, security doors and tv aerials will be carried out to 488 homes.

72. Additionally, 545 kitchens and 345 bathrooms, together with any separate WCs and associated electric rewires. 1,300 boiler replacements are also programmed and will assist in reducing future energy bills for tenants, which will positively impact fuel poverty.

73. Building Safety works for fire stopping, sprinklers and to address actions arising from Fire Risk Assessments, have commenced for 89 flats at Brittany House and to two Higher Risk Buildings (HRBs) of 13 storeys a piece

74. We are currently in process for property and land disposals to a potential value of £1.85m. This covers 7 minor sales for example, on pieces of land adjacent to property which was not included in the original sale and 7 units where sale is proposed to a housing partner or via auction. All locations are checked by Development colleagues for any additional homes potential before any sale is progressed.

75. A bid for grant to assist in our decarbonisation objectives from the Green Homes Fund and Business, Energy and Industrial Strategy (BEIS) Local Authority Delivery (LADs) scheme has been successful and we have secured £1.4m grant over the next two years. This grant will assist in meeting zero carbon status in a number of our homes. This year this includes external wall insulation to 48 street properties alongside 138 non-LAD funded properties that will be carried out.

76. An application has been submitted for Wave 1 of the Social Housing Decarbonisation Fund (SHDF) as part of a wider bid being led by London Borough Barking & Dagenham. This is for EnergieSprong deep retrofit works aimed at net zero carbon and if successful, Council spend on this project will commence this financial year and be match funded up to the value of c.£2m.

77. **Revenue Budget**

78. In February 2021 the Council Housing restructure was approved, with a vision to provide a service fit for the future and able to support the current and future needs of our residents and communities. The model provides a stronger focus on place management and support for residents who have additional needs.

79. Changes to lifestyles as a result of the pandemic have led to more rubbish and waste being present on Council estates. In order to respond additional investment towards improved external standards across the Borough of £1.25m has been agreed this year. The improvements include:

    a. additional collection crews to carry out refuse collection from Council Housing Estates to deal with the excess waste and rubbish generated on housing estates

    b. an additional team to enhance street cleansing and provide a satisfactory/ good service for the removal of fly tips

    c. A window cleaning programme for 623 low rise blocks and 52 towers meaning there will be a ‘reach and wash’ arrangement for low rise blocks and abseiling for towers.

    d. Introduction of an annual deep cleaning programme which includes pressure washing, deep cleaning of bin chambers and gulley’s on our estates.

    e. Improvement of the ground’s maintenance service, additional staff will work on our estates to achieve a higher frequency of cutting grass and shrubs and to improve the quality of finish

80. In addition to this investment resources have been deployed into enforcement to help shift behaviour, reducing the need for ongoing services at this level. Part of these additional costs will be funded from increased service charges, but the work to assess costs and the consultation strategy is still on going.

81. A review of the management and maintenance cost per unit is underway to ensure we offer value for money and assist in measuring performance against Housemark benchmarks/industry standards. In particular we will be focusing on management costs to ensure operate within the parameters of our financial strategy.

82. Energy wholesale market prices have reached records highs, with winter 2021 gas and electricity prices increasing on average by 200%. The current Housing energy contract was secured prior to these significant increases, with current prices secured until September 2022.

83. The Council has stopped the de-designation of the Sheltered Housing service following feedback from residents and whilst we explore how best to provide housing for older residents in the future. A review of the current

sheltered housing offer and potential new models will be undertaken in the next financial year. This service is rechargeable to tenants and may impact rental income assumptions for 2022-23.

84. **CPI Update**

85. The Governments Rent Standard sets out how Councils should increase rents by up to CPI + 1% until 2024/25, based on the preceding September published CPI.

86. Rent increases from financial year 2025/26 onwards are assumed in line with the Government's long-term CPI target of 2%. This is considered reasonable and in line with external professional advice.

87. The September CPI was published in October at a rate of 3.1%. In following the rent standard in 2022-23 rents will increase by 4.1%, this is an increase of 1.1% to the estimated CPI of 2%. This increases the rent roll by £2.6m.

88. This will result in net additional revenue resources of £12.5m over the life of the 30-year Business Plan over that approved by Council 2nd March 2021 (KD5212). This additional income will assist in funding the future capital programme.

89. The table below shows the current average rent per week with the proposed rent increase for 2022-23:

Average Weekly Rent	**2021-22**	**2022-23**
Social	103.09	107.32
Affordable	175.96	183.18

90. Full approval for rents and service charges will be included in the Rent Setting report going to February Cabinet for approval.

91. **Financial Framework**

92. The updated HRA Business Plan has been assessed within the approved financial framework. As part of this assessment, financial metrics to assess the financial viability and affordability levels of the HRA have been reviewed.

93. The Business Plan is assessed on the following metrics:

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

94. These metrics are based on successful operation of similar minimum/maximum metrics in the housing association sector. They

represent a sound and effective way of managing borrowing and investment capacity.

95. The financial metrics on the updated Business Plan are shown below:

Table 5

Metrics	**ICR**	**LTV**
Limits	**>1.25**	**<50%**
2021-22	1.71	40%
2022-23	-4.34	48%
2023-24	-0.47	65%
2024-25	0.57	62%
2025-26	1.48	67%
2026-27	1.62	66%
2027-28	1.69	66%
2028-29	1.79	52%
2029-30	1.97	53%
2030-31	2.10	50%

96. The current business plan has been measured against these metrics and shows in 2021-22 the current ICR is 1.71 and the LTV is 40%. These are within our current targets, however in the next five years high levels of borrowing have impacted our ability to reach the desired metrics.

97. The ICR is currently below the level required for the next three years from 2022-23. This is due to the amount of legacy works (decent homes and fireworks) that need to be completed to reach decent homes standards on our properties. Once these works have been completed the ICR starts to rise towards the recommended level over the short to medium term.

98. In comparison to last year the reduction in interest costs has increased the ICR positively this year (2021-22). However, the ICR has seen a decrease in improvement over the next five years, due to increased borrowing levels in the early years.

99. The LTV metric is also below the expected levels required and this is mainly due to borrowing levels. In order to continue to deliver Council priorities this investment is key. In the medium-term technology improvements will assist in driving service and financial efficiencies.

100. Again, in comparison to last year (2021-22), the LTV has positively improved. However, the next five years have seen a negative increase in this metric, due to increased borrowing in the early years.

101. Improvement in these hurdles could be achieved by further revenue efficiencies or increased income.

102. We continue to set an annual £1m efficiency target against management and maintenance budgets for the next 5 years in order to assist in reaching optimum levels. The target was achieved in 2020-21, with work ongoing to reach the target this year. Below is a summary of savings and pressures to date:

Table 6

Savings	**£000's**
Interest rate on borrowing reduction	(2,000)
Rent on office space - reduction in charge	tbc
Housing Operations restructure – final tbc	(300)
Total Savings	**(2,300)**
Pressures	
Redundancy costs – final costs tbc	435
Improved External standards (full year cost)	550
Total	**985**
Net Savings	**(1,315)**

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

104. The updated HRA Business Plan remains affordable and sustainable. This position is underpinned by the following assumptions:

Table 7

Assumption	**Current Approved**	**Proposed**
Inflation (CPI)	2%	3.1%
Efficiency savings per annum	£1m	£1m
Borrowing levels	£656.2m	£622.6m
Borrowing Rate	3.5%	2.5% until 22-23, then 3.5% for life of plan
Development Programme delivery period	13 years	14 years
Build cost per unit	New build £300k Regeneration £450k	New build £400k (AHP) Regeneration £450k New build £350k post AHP
Net Present Value (NPV) assessment criteria	- £50k per unit	- £60k per unit
Repayment period	40 years	50 years
Grant Levels per unit	Max Affordable £150k & Shared Ownership £50k	Max Affordable £150k & Shared Ownership £50k
Private Sale & Shared Ownership sale value per unit	£400k	£400k
Contingency within each project	10%	10%
Minimum reserve levels	£6m	£6m

105. The proposed changes in assumptions are based on market knowledge and have been reviewed to ensure they are in line with current market conditions.

106. The main changes are described below:

107. The current borrowing rate assumption in the business plan is 3.5% for the 30-year life of the business plan. Current interest rates are low, and borrowing can be secured at a lower level in the short term. It is proposed to therefore reduce the interest rate to 2.5% for 2021-22 and 2022-23, then continue with the current assumption of 3.5% for the remaining years. This proposal will be included in the updated Treasury Strategy report going to full Council in March 2022.

108. As stated in the Development Programme section of the report, the average build cost has been reviewed and is proposed to increase from £300k to £400k per unit for new projects in the Affordable Homes Programme, with £350k estimated for the future programme post 2026.

109. The overall programme has an average build cost of £364k per unit. This is based on the overall cost of developing 3,500 new homes as part of the Development programme. Since this programme started in 2019-20, completed/on site schemes have seen lower build costs than we are now experiencing, this has reduced the average build cost across the programme.

110. Market testing on projects that are at planning/tender stages, has shown a 10% build cost inflation along with material supplies being constrained.

111. Royal Institute of Chartered Surveyors (RICS) have recently published a statement (below) on the Building Cost Information Service (BCIS) five-year forecast, which summarises the pressures on tender prices from rising material prices and longer supply times as a result of Brexit and Covid-19.

Tender prices will rise by 21% over the forecast period (2021 to 2026). Tender prices are expected to rise by 3.9% in 2nd quarter 2022 compared with the same quarter in 2021, driven, in particular, by sharp materials cost increases and longer supply times. With demand increasing over the remainder of the forecast, and with less contractors in the market (liquidations during Covid-19), tender prices are forecast to increase faster than input costs, rising by around 3% to 4% per annum. If the access to European labour returns in the latter part of the forecast period it will ease the pressure on site rates and tender prices.

Although government guidance removed social distancing requirements on site in mid-July, contractors seem unlikely to change their Standard Operating Procedures immediately.
The BCIS Materials Cost Index shows that materials prices rose by 4.6% in 2nd quarter 2021 compared with the previous quarter, and by 10.0% compared with a year earlier. The forecast for 3rd quarter 2021 shows an increase of 2.8% compared with 2nd quarter 2021, and a 13.1% annual increase. Anecdotally, there has been a lot of concern about materials shortages this year, which has been reflected in longer lead times, higher prices and price volatility.

Materials shortages have resulted from a combination of a number of factors:
- *Covid-19 has affected supply from mills and factories,*
- *supply chain bottlenecks due to global demand shocks,*
- *shortage of haulage drivers,*
- *container shortages and port delays,*
- *construction demand fluctuations - sharp falls in the first half of 2020 followed by a steep recovery since,*
- *increased administration at UK ports affecting imports and exports due to UK EU Trade and Cooperation Agreement,*

- *sharp rises in shipping costs and temporary surcharges.*

Longer lead times for the supply of materials are likely to be reflected in the BCIS Market Conditions Index, with additional preliminaries costs, and will put upward pressure on tender prices.

The Construction Leadership Council (CLC) has called for the inclusion of new contract clauses to allow for sharing the risk of sharp increases in materials and we may see a return to fluctuating price contracts for longer contract periods, but this is not allowed for in our forecasts.

Materials prices will rise by 15% over the forecast period (2021 to 2026). The main risks to materials prices will be difficulty in obtaining materials during the Covid-19 crisis, oil prices, tariffs on imports.

Building costs will rise by 15% over the forecast period (2021 to 2026).
New construction output will rise by 31% over the forecast period (2025 compared with 2020). This increase is exaggerated by the pandemic induced 16% fall in 2020.

112. Appendix C shows the GLA's published average development costs for London Boroughs in February 2021. Although slightly out of date this data shows the average build cost across London at this time was £419k. As these current market conditions are a national problem and will impact on all Councils development programmes costs, increasing the build cost for Enfield's future developments is still within London averages.

113. The NPV hurdle criteria per unit has been reviewed in light of the increase in build cost and repayment period changes and has been increased from -£50k to -£60k per unit.

114. This hurdle review has been based on a proval assessment of a 2-bed affordable unit at build cost of £400k and grant rate of £150k, with all other assumptions remaining unchanged. The results show that the following hurdle rates:

    - NPV - £61k per unit
    - IRR – 3.5% per unit
    - Repayment period – 49 years

115. Therefore, it is proposed there is an update to the hurdle rate to reflect the increase in costs of building new homes.

116. Future assessments completed on development schemes will be based on these measures. Some schemes will perform better than others with cross subsidy assisting in approving schemes hurdle rates, however smaller units will have an adverse impact on these rates. As an average this updated rate will assist schemes meeting the criteria to move projects forward and build new homes.

117. The loan repayment period has also been reviewed and its proposed to increase from 40 to maximum 50 years. As stated above in the report, this has been assessed based on the asset life assumptions, consistent with accounting policies in the published statement of accounts.

118. **Financial Risks**

119. The Base case is predicated on a suite of assumptions which can, if changed in isolation or in concert, have a significant impact on the position of the Council's HRA.

120. Adverse changes in these assumptions therefore present a risk to the HRA, the key risks are as follows:

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

b. The build cost is based on market intelligence and may in some circumstances be higher as the market is extremely volatile. Significant cost increases experienced due to combined impact of Brexit, Covid-19 and constrained supply chains have been reflected in the revised build cost per unit. Market conditions will be monitored closely as any impact on build costs would impact the number of units we are able to deliver. A 10% contingency is built into all project budgets to mitigate this risk.

c. There are 610 private sales units built into the plan, depending on market conditions the sale of these units could add financial pressure to the business plan and impact on cashflow if the sales were delayed.

d. Changes in grant conditions could impact the future development programme i.e. reduction in rent levels and grant receivable. The new AHP has been agreed but this is predicated on grant conditions being met in full. Beyond 2026 there is no confirmed grant allocations

e. Borrowing rates are assumed at 2.5% until 2022-23 then 3.5% for the 30-year business plan - if this rate was to increase this would affect borrowing capacity and will impact on the viability of the business plan.

f. The business plan is based on achieving reductions in Management and Maintenance costs (c. £1m per annum). If these savings aren't achieved it could impact on the affordability of the proposals included.

g. Decent homes 2 and future building regulation changes including zero carbon agenda and potentially decent homes standard 2, will require additional funding in the long term, there is currently no long term funding built into the Business plan.

Safeguarding Implications

121. There are no safe-guarding implications

Public Health Implications

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

Equalities Impact of the Proposal

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

Environmental and Climate Change Considerations

124. There are no Environmental and Climate Change considerations

Financial Implications

125. The financial implications are implicit within the body of the report.

Legal Implications

126. The Council must maintain a Housing Revenue Account ("HRA") in accordance with section 74 of the Local Government and Housing Act 1989 (as amended) (the "1989 Act"). The duties in the 1989 Act include in January or February each year to formulate proposals relating to HRA income and expenditure, based on best assumptions and estimates at that time, and that implementation of these proposals will secure that the account for that year does not show a debit balance. The proposals are contained in this report

127. By section 24 of the Housing Act 1985 (as amended) ("the 1985 Act") the Council has a broad discretion in setting such reasonable rents and other charges as it may determine and must from time to time review rents and make such changes as circumstances may require. This is subject to the 1985 Act's requirements for notice of a variation which can only take effect four weeks or the rental period (whichever is longer) from the date on which it is served

128. Further, pursuant to the Housing and Regeneration Act 2008 the Secretary of State has made a direction on the rent standard, which imposed a requirement on the regulator of social housing to set a rent standard in accordance with the policy statement, with effect from April 2020. This now must be complied with in setting and changing rent levels for social rent and affordable rent housing

129. The Council also has the power pursuant to the 1985 Act to alter, repair or improve its housing stock and a duty under the Landlord and Tenant Act 1985 (as amended) to ensure repairs to its properties are carried out effectively and in a timely manner. Furthermore, under the terms of the leases granted under the right to buy scheme, the Council has an obligation to leaseholders to repair and maintain its housing stock

130. The Council has a power under section of the 111 Local Government Act 1972 to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions The Council also has a general power of competence under section 1(1) of the Localism Act 2011 to do anything that individuals generally may do, provided it is not prohibited. by legislation and subject to public law principles The recommendations set out in this report are consistent with the Council's powers and duties.

Workforce implications

131. There are no workforce implications

Property Implications

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

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Date of report: 29th October 2021

Appendices: A & B 30 year Revenue and Capital budgets; C London AHP average build cost

Background papers: Q2 HRA monitoring 2021/22

Appendix A

HRA Revenue Budget 30 years	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032-2050	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Dwelling Rents	57.2	59.8	62.7	67.6	71.2	74.9	78.8	81.5	85.9	87.4	2,212.8	2,939.7
Service Charges Tenants	3.4	3.5	3.5	3.6	3.7	3.9	4.0	4.1	4.3	4.4	111.1	149.6
Service Charges Leaseholders	5.0	5.2	5.3	5.4	5.5	5.6	5.7	5.8	5.9	6.1	150.0	205.5
Voids	-0.6	-0.6	-0.7	-0.7	-0.7	-0.8	-0.8	-0.8	-0.9	-0.9	-22.8	-30.4
Non Dwelling Rents	3.6	3.8	3.8	3.9	4.0	4.1	4.2	4.2	4.3	4.4	109.2	149.6
RTB Administration Income	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	1.0	2.1
Total Income	**68.8**	**71.8**	**74.9**	**79.9**	**83.7**	**87.7**	**91.9**	**94.9**	**99.6**	**101.5**	**2,561.4**	**3,415.9**
Responsive Repairs	-15.3	-15.9	-16.3	-16.8	-17.9	-18.4	-19.0	-19.5	-20.1	-20.5	-515.7	-695.4
Supervision & Management	-14.7	-15.2	-15.5	-16.1	-17.1	-17.6	-18.1	-18.6	-19.2	-19.6	-481.2	-652.8
Special Services	-6.7	-6.9	-7.1	-7.2	-7.4	-7.5	-7.7	-7.8	-8.0	-8.1	-201.2	-275.5
Rents Rates Taxes & Other Charges	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-13.5	-20.3
Bad Debt	-0.6	-0.6	-0.7	-0.7	-0.7	-0.8	-0.8	-0.8	-0.9	-0.9	-22.4	-30.0
Depreciation of Fixed Assets	-11.4	-11.7	-12.1	-12.7	-13.3	-13.9	-14.5	-15.0	-15.7	-16.0	-405.5	-541.6
Expenditure	**-49.4**	**-51.0**	**-52.3**	**-54.2**	**-57.0**	**-58.9**	**-60.7**	**-62.4**	**-64.5**	**-65.7**	**-1,639.6**	**-2,215.7**
Net (Cost) Of Services	**19.4**	**20.7**	**22.6**	**25.7**	**26.6**	**28.8**	**31.2**	**32.5**	**35.1**	**35.7**	**921.8**	**1,200.2**
Loan Interest	-10.0	-11.5	-16.1	-16.1	-18.3	-18.7	-19.7	-19.7	-19.6	-19.6	-375.3	-544.8
Interest Income	0.0	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	9.1	10.7
Notional Cash Interest	0.0	0.2	0.1	0.1	0.2	0.2	0.2	0.2	0.0	0.0	50.8	52.0
Capital Account Adjustments	**-10.0**	**-11.2**	**-15.9**	**-15.9**	**-17.9**	**-18.3**	**-19.4**	**-19.3**	**-19.4**	**-19.4**	**-315.4**	**-482.1**
Net Operating Income / (Expenditure)	**9.4**	**9.5**	**6.6**	**9.8**	**8.7**	**10.5**	**11.8**	**13.2**	**15.7**	**16.3**	**606.4**	**718.1**

Appendix B

HRA Capital Budget 30 years	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032-2050	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
CAPITAL PROGRAMME												
HRA Planned Renewals	47.9	73.8	36.6	14.9	14.5	14.5	14.5	14.5	13.0	13.0	311.7	569.2
New Build Properties - Eligible	40.5	77.4	159.6	80.7	114.7	83.2	66.3	76.0	114.6	81.5	225.8	1,120.3
Total Capital Programme	**88.3**	**151.2**	**196.2**	**95.6**	**129.2**	**97.8**	**80.9**	**90.6**	**127.6**	**94.6**	**537.5**	**1,689.5**
CAPITAL RESOURCES												
Major Repairs Reserve	11.4	11.7	12.1	14.1	14.5	15.0	14.5	14.5	13.0	13.0	54.8	188.8
Borrowing	34.0	61.2	132.8	0.0	62.0	11.0	30.0	0.0	55.0	0.0	0.0	386.0
Grant Funding	6.7	17.3	9.1	21.1	13.1	34.9	9.4	25.3	17.3	24.1	63.8	242.2
Useable One-to-One RTB Receipts	0.7	16.8	14.6	6.0	1.7	1.3	1.4	1.6	1.7	1.7	27.2	74.7
Other Capital Receipts	1.6	1.7	0.7	0.8	0.8	0.8	0.8	0.8	0.9	0.9	23.0	32.8
Other Sources Of Finance	11.0	21.1	19.9	53.6	37.0	15.2	24.7	33.7	5.7	54.9	368.7	645.6
Revenue Contributions To Capital Total	22.9	21.4	6.9	0.0	0.0	19.5	0.0	14.6	34.0	0.0	0.0	119.4
Total Capital Resources Detail	**88.3**	**151.2**	**196.2**	**95.6**	**129.2**	**97.8**	**80.9**	**90.6**	**127.6**	**94.6**	**537.5**	**1,689.5**

Homes for Londoners: Affordable Homes Programme

February 2021

Assumed total development costs, split by size, tenure and borough location

Borough	Social rent/AR			London Living Rent			Shared ownership			OVERALL
	1 bed	2 bed	3 bed	1 bed	2 bed	3 bed	1 bed	2 bed	3 bed	Average
Barking and Dagenham	£244,013	£290,048	£339,151	£244,013	£290,048	£368,477	£253,391	£301,983	£353,814	**£298,326**
Barnet	£280,992	£328,243	£378,644	£280,992	£328,243	£408,745	£290,617	£340,494	£393,695	**£336,741**
Bexley	£239,654	£285,689	£334,792	£239,654	£285,689	£364,118	£249,031	£297,623	£349,455	**£293,967**
Brent	£351,927	£399,178	£449,580	£351,927	£399,178	£479,680	£361,553	£411,429	£464,630	**£407,676**
Bromley	£292,530	£339,781	£390,183	£292,530	£339,781	£420,283	£302,156	£352,032	£405,233	**£348,279**
Camden	£527,644	£581,673	£639,304	£527,644	£581,673	£673,723	£538,650	£595,681	£656,513	**£591,389**
City of London	£563,965	£620,601	£681,013	£563,965	£620,601	£717,092	£575,502	£635,284	£699,052	**£630,786**
Croydon	£287,475	£334,727	£385,128	£287,475	£334,727	£415,228	£297,101	£346,977	£400,178	**£343,224**
Ealing	£348,070	£399,875	£455,133	£348,070	£399,875	£488,134	£358,623	£413,305	£471,634	**£409,191**
Enfield	£277,319	£324,570	£374,972	£277,319	£324,570	£405,072	£286,945	£336,821	£390,022	**£333,068**
Greenwich	£324,622	£371,873	£422,274	£324,622	£371,873	£452,375	£334,247	£384,123	£437,324	**£380,370**
Hackney	£366,650	£418,454	£473,713	£366,650	£418,454	£506,714	£377,203	£431,885	£490,213	**£427,771**
Hammersmith and Fulham	£459,003	£515,639	£576,051	£459,003	£515,639	£612,130	£470,540	£530,323	£594,091	**£525,825**
Haringey	£353,634	£400,885	£451,286	£353,634	£400,885	£481,387	£363,259	£413,135	£466,337	**£409,382**
Harrow	£281,141	£328,392	£378,793	£281,141	£328,392	£408,893	£290,766	£340,642	£393,843	**£336,889**
Havering	£239,376	£285,410	£334,514	£239,376	£285,410	£363,839	£248,753	£297,345	£349,177	**£293,689**
Hillingdon	£255,236	£301,271	£350,374	£255,236	£301,271	£379,700	£264,613	£313,205	£365,037	**£309,549**
Hounslow	£311,378	£363,183	£418,441	£311,378	£363,183	£451,442	£321,931	£376,614	£434,942	**£372,499**
Islington	£434,174	£488,203	£545,834	£434,174	£488,203	£580,253	£445,180	£502,211	£563,044	**£497,920**
Kensington and Chelsea	£656,970	£713,606	£774,018	£656,970	£713,606	£810,097	£668,507	£728,289	£792,057	**£723,791**
Kingston upon Thames	£330,818	£378,069	£428,470	£330,818	£378,069	£458,570	£340,443	£390,319	£443,520	**£386,566**
Lambeth	£351,535	£403,340	£458,598	£351,535	£403,340	£491,599	£362,088	£416,771	£475,099	**£412,656**
Lewisham	£335,976	£387,780	£443,038	£335,976	£387,780	£476,040	£346,528	£401,211	£459,539	**£397,096**
Merton	£332,524	£379,775	£430,176	£332,524	£379,775	£460,277	£342,149	£392,025	£445,227	**£388,273**
Newham	£318,166	£365,417	£415,819	£318,166	£365,417	£445,919	£327,792	£377,668	£430,869	**£373,915**
Redbridge	£256,349	£302,384	£351,487	£256,349	£302,384	£380,813	£265,726	£314,318	£366,150	**£310,662**
Richmond upon Thames	£372,482	£424,286	£479,545	£372,482	£424,286	£512,546	£383,035	£437,717	£496,045	**£433,603**
Southwark	£370,266	£424,295	£481,926	£370,266	£424,295	£516,344	£381,272	£438,302	£499,135	**£434,011**
Sutton	£275,093	£322,344	£372,746	£275,093	£322,344	£402,846	£284,719	£334,595	£387,796	**£330,842**
Tower Hamlets	£367,518	£419,322	£474,581	£367,518	£419,322	£507,582	£378,071	£432,753	£491,081	**£428,639**
Waltham Forest	£321,654	£368,905	£419,306	£321,654	£368,905	£449,407	£331,279	£381,155	£434,356	**£377,402**
Wandsworth	£396,555	£450,584	£508,215	£396,555	£450,584	£542,633	£407,561	£464,591	£525,424	**£460,300**
Westminster	£585,293	£641,929	£702,341	£585,293	£641,929	£738,420	£596,830	£656,612	£720,380	**£652,114**

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THE CABINET

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

MUNICIPAL YEAR 2021/2022

JANUARY 2022

1. Medium Term Financial Plan Update and Draft 2022/23 Budget — Fay Hammond

This will provide an update on the medium term financial plan and draft budget for 2022/23. **(Key decision – reference number 5346)**

2. Quarterly Corporate Performance Report (Q2) — Fay Hammond

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

3. Tenancy Strategy — Sarah Cary

This will seek approval to revise the Enfield Council Tenancy Strategy. **(Key decision – reference number 5268)**

4. Planning Enforcement Plan — Sarah Cary

This will seek approval, following consultation, to the adoption of a new Planning Enforcement Plan setting out the approach to handling enforcement investigations, serving enforcement notices and prosecutions.
(Key decision – reference number 5386)

5. Trading Company Annual Accounts and Performance Jeremy Chambers

To report on the results achieved by the Council's wholly owned trading companies. **(Non Key)**

6. Upton and Raynham/Exeter Road Contracts award and investment decision — Sarah Cary

This will seek approval of the increase in costs of the Upton and Raynham and the Exeter Road Developments, and to award the Exeter Road phase 1 main contract and the Upton and Raynham/Exeter Road phases 2 and 3 PCSA contracts and enable the progression of these schemes. **(Key decision – reference number 5405)**

7. **North London Waste Plan** Sarah Cary

This will seek approval to the North London Waste Plan **(Key decision – reference number 5269)**

FEBRUARY 2022

1. **Quarterly Revenue Monitoring 2021/22 Quarter 3** Fay Hammond

This will provide the quarter three revenue monitoring 2021/22. **(Key decision – reference number 5351)**

2. **Quarterly Capital Monitoring 2021/22 Quarter 3** Fay Hammond

This will provide the quarter three capital monitoring 2021/22. **(Key decision – reference number 5349)**

3. **Quarterly HRA Monitoring 2021/22 Quarter 3** Fay Hammond/Sarah Cary

This will provide the quarter three HRA monitoring 2021/22. **(Key decision – reference number 5350)**

4. **Budget Report 2022/23 and Medium-Term Financial Plan 2022/23 to 2026/27** Fay Hammond

This will seek approval of the Budget and Medium Term Financial Plan. **(Key decision – reference number 5352)**

5. **Capital Strategy and Capital Programme 2022/23 to 2031/32** Fay Hammond

This will seek approval to the Capital Strategy and Capital Programme. **(Key decision – reference number 5353)**

6. **HRA Budget 2022/23, Rent Setting and Business Plan Update** Fay Hammond/Sarah Cary

This will seek approval to the HRA Business Plan and Rent Setting 2022/23. **(Key decision – reference number 5354)**

7. **Treasury Management Strategy 2022/23** Fay Hammond

This will seek approval of the Treasury Management Strategy 2022/23 . **(Key decision – reference number 5355)**

8. **Meridian Water Community Housing Strategy** Sarah Cary

This will seek approval of the Meridian Water Community Housing Strategy. **(Key decision – reference number 5226)**

9. Meridian Water : Appointment of a Rail Contractor Sarah Cary

This will seek approval of the nominated specialist rail design and build contractor, to undertake detailed design and delivery of infrastructure works at Ponders End Station, for the increased rail frequency at Meridian Water Station. **(Key decision – reference number 5311)**

10. Sustainable and Ethical Procurement Policy Sarah Cary

The Council is developing a new Sustainable and Ethical Procurement Policy. This policy will set out how the Council will secure social, environmental and economic value through procurement and set expectations for the Council's suppliers to achieve this. **(Key decision – reference number 5291)**

MARCH 2022

1. Schools Capital Programme 2022-23 Tony Theodoulou

This will seek approval of the Updated School Condition and Fire Safety Programme 2021/22 to 2022/23 (Schools Capital Programme). **(Key decision – reference number 5383)**

2. Anastasia Lodge and Autumn Gardens - Residential Nursing Care Direct Contract Award Tony Theodoulou

This will seek approval of a direct award 3+2+2-year contract for Residential & Nursing Care Services to Ourris Residential Homes Limited for service provision at Anastasia Lodge and a 3+2+2 year Residential and Nursing care contract to Ourris Properties Limited. **(Key decision – reference number 5411)**

APRIL 2022

TO BE ALLOCATED

1. Review of Enfield Repairs Direct Sarah Cary

Details awaited. . **(Key decision – reference number tbc)**

2. Housing Asset Management and Sustainability Strategy Sarah Cary

This will seek approval to implement a new Housing Asset Management and Sustainability Strategy to inform investment decisions across the Council

Housing portfolio as part of the Better Council Homes programme and in order to deliver safe, sustainable and well connected homes for the future. **(Key decision – reference number 5247)**

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

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

MUNICIPAL YEAR 2022/2023

1. Meridian Water Masterplan Version 2 and Financial Model Sarah Cary

This will provide an overview of the Meridian Water Masterplan Vison and seek approval for its direction of travel and refinement. **(Key decision – reference number 5362)**

2. Meridian Water Supplementary Planning Document: Draft for Public Consultation Sarah Cary

This will seek approval for public consultation on the draft Meridian Water Supplementary Planning Document (SPD) **(Key decision – reference number 5375)**

3. Meridian Water Design Guide and Infrastructure Sarah Cary

This will provide an overview of the Meridian Water Masterplan Vison and seek approval for its direction of travel and refinement. **(Key decision – reference number tbc)**